

# EXHIBIT

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1  
2 IN THE UNITED STATES DISTRICT COURT  
3 FOR THE DISTRICT OF NEW JERSEY  
4 CASE NO. 2:14-cv-01770-JLL-JAD

5 -----X

BANK OF HOPE, as successor to  
6 Wilshire Bank,

7 Plaintiff,

8 VS.

9 MIYE CHON, a/k/a Karen Chon,  
SUK JOON RYU, a/k/a James S.  
10 Ryu, TAE JONG KIM, BERGENFIELD  
BAGEL & CAFE INC., d/b/a Cafe  
11 Clair, MAYWOOD BAGEL INC., UB'S  
PIZZA & BAGEL INC., UB'S BAGEL &  
12 CAFE INC., and UBK BAGELS CORP.,  
d/b/a Franklin Bagels & Cafe,

13 Defendants.

14 -----X

15 (Caption continued on the next page.)  
16

17 DEPOSITION

18 OF

19 LISA PAI

20 Thursday, July 13, 2017

21 One Gateway Center

22 Newark, New Jersey  
23

24 Reported by:

AYLETTE GONZALEZ, RPR, CLR, CCR

25 JOB NO. 126896

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-----X  
SUK JOON RYU, a/k/a James S. Ryu,

Counterclaim Plaintiff,

VS.

BANK OF HOPE, as successor to  
Wilshire Bank,  
Counterclaim Defendant.

-----X  
SUK JOON RYU, a/k/a James S. Ryu,  
Third-Party-Counterclaim  
Plaintiff,

VS.

KWON HO JUN and LISA PAI,

Third-Party-Counterclaim  
Defendants.

-----X  
SUK JOON RYU, a/k/a JAMES S. RYU,  
Cross-claim Plaintiff,  
VS.

MIYE CHON, a/k/a Karen Chon,  
TAE JONG KIM, BERGENFIELD  
BAGEL & CAFE INC., d/b/a Cafe  
Clair, MAYWOOD BAGEL INC.,  
UB'S PIZZA & BAGEL INC., UB'S  
PIZZA & CAFE INC., and UBK  
BAGELS CORP., d/b/a Franklin  
Bagels & Cafe,

Cross-claim Defendants.

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DATE: July 13, 2017

TIME: 10:00 a.m.

Deposition of LISA PAI, held at the  
offices of Regus, One Gateway Center,  
Newark, New Jersey 07102, pursuant to  
NOTICE, before AYLETTE GONZALEZ, a  
Registered Professional Reporter, Certified  
LiveNote Reporter, Certified Court Reporter  
and Notary Public of the States of New York  
and New Jersey.

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#### A P P E A R A N C E S:

LEE ANAV CHUNG WHITE KIM RUGER & RICHTER  
Counsel for Bank of Hope, Kwon Ho Jung and  
Lisa Pai

156 Fifth Avenue

New York, New York 10010

BY: MICHAEL YI, ESQ.

STEVE HARVEY LAW

Counsel for Suk Joon Ryu

1880 John F. Kennedy Boulevard

Philadelphia, Pennsylvania 19103

BY: STEPHEN HARVEY, ESQ.

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LISA PAI (7/13/17)

(Ryu Exhibit 12, Introduction,  
2014R00082/6, Volume 1, Bates labeled  
WB795 through '808 was premarked for  
identification, as of this date.)

(Ryu Exhibit 13, document Bates  
labeled WB810 through '817 was  
premarked for identification, as of  
this date.)

(Ryu Exhibit 14, handwritten notes  
Bates labeled WB2054 through '2059 was  
premarked for identification, as of  
this date.)

(Ryu Exhibit 15, Notice of  
Deposition was premarked for  
identification, as of this date.)

L I S A P A I,

called as a witness, having been  
duly sworn by a Notary Public,  
was examined and testified as  
follows:

THE COURT REPORTER: Please state  
your name and address for the record.

THE WITNESS: Lisa Pai. Business  
address, 3200 Wilshire Boulevard, 14th

1 LISA PAI (7/13/17)  
 2 floor, Los Angeles, California 90010.  
 3 EXAMINATION BY  
 4 MR. HARVEY:  
 5 Q. Ms. Pai, my name is Steve Harvey.  
 6 I'm an attorney for the plaintiff, James Ryu,  
 7 in this case and we are here to take your  
 8 deposition; do you understand that?  
 9 A. Yes.  
 10 Q. Can you hear me?  
 11 A. Yes.  
 12 Q. If at any point today you can't  
 13 hear me or you don't understand one of my  
 14 questions, let me know, I'll be happy to speak  
 15 up or rephrase; do you understand that?  
 16 A. Yes, I do.  
 17 Q. Do you understand that you're  
 18 required to answer the questions that I'm  
 19 going to ask you pertaining to this case to  
 20 the best of your knowledge and ability subject  
 21 to the oath that you just took unless your  
 22 counsel instructs you not to answer a  
 23 question?  
 24 A. Yes, I do.  
 25 Q. Have you ever been deposed before?

1 LISA PAI (7/13/17)  
 2 A. For about a year.  
 3 Q. Have you had that since Bank of  
 4 Hope has been in existence?  
 5 A. That's right.  
 6 Q. And before that, what job did you  
 7 have?  
 8 A. Before that, I worked for Wilshire  
 9 Bank, executive vice president and chief legal  
 10 and human resources officer.  
 11 Q. How long did you hold that  
 12 position?  
 13 A. For about three and a half years.  
 14 Q. When did you begin on that  
 15 position?  
 16 A. I think December 2012 or I may be  
 17 off a year.  
 18 Q. Well, the events in this case, the  
 19 immediate events, the discovery of the  
 20 embezzlement began in January of 2014; you  
 21 recall that?  
 22 A. Yes, I do.  
 23 Q. Were you in this position, were you  
 24 executive vice president, chief legal officer  
 25 and head of human resources at that time?

1 LISA PAI (7/13/17)  
 2 A. Yes, I have.  
 3 Q. How many times?  
 4 A. At least once, maybe twice.  
 5 Q. How recently?  
 6 A. It's been a while.  
 7 Q. Okay. Well, I've just given you  
 8 the main instructions. The only one I would  
 9 give at this point is that we can't speak over  
 10 each other, because the court reporter sitting  
 11 to your left and my right can't record when  
 12 we're both talking at the same time.  
 13 I'll endeavor to let you finish  
 14 speaking before I ask my next question and if  
 15 you could do the same, we'll get a nice neat  
 16 record in this case; okay?  
 17 A. Okay.  
 18 Q. Please tell me your current title.  
 19 A. Executive vice president and  
 20 general counsel and chief administrative  
 21 officer.  
 22 Q. For Bank of Hope?  
 23 A. For Bank of Hope.  
 24 Q. How long have you had that  
 25 position?

1 LISA PAI (7/13/17)  
 2 A. Yes, I was.  
 3 Q. And had you been in that position  
 4 for at least a period of months at that point?  
 5 A. That's right.  
 6 Q. What did you do before you held the  
 7 position, that position or actually the  
 8 positions before you held those positions for  
 9 three and a half years, what did you do before  
 10 that?  
 11 A. I was at another bank.  
 12 Q. Which bank?  
 13 A. Nara Bank.  
 14 Q. How do you spell that?  
 15 A. N-A-R-A. I'm sorry. I was at BBCN  
 16 Bank.  
 17 Q. And what was your position at BBCN  
 18 Bank?  
 19 A. The same title, EVP and chief legal  
 20 and HR officer.  
 21 Q. How long did you hold that position  
 22 at BBCN?  
 23 A. For about a year. For about a year  
 24 since BBCN was first established.  
 25 Q. And before you worked at BBCN for

LISA PAI (7/13/17)

that approximately year, what did you do?

A. I worked at CentreBank, same position, EVP and chief legal and HR officer and Centre was merged into BBCN.

Q. How long did you hold that position at CentreBank?

A. I think it was about three or four years.

Q. What did you do before that?

A. Before that, I had my own practice for about three months.

Q. And then before that?

A. And before that, I worked for Nara Bank for about a year and a half.

Q. What did you do during that time at Nara Bank?

A. I was the acting general counsel.

Q. Before you worked as acting general counsel at Nara Bank for a year and a half, what did you do?

A. I worked for Hanmi Bank as general counsel.

Q. Spell Hanmi, please.

A. H-A-N-M-I.

LISA PAI (7/13/17)

Q. And how long did you do that for?

A. For about a year, and Hanmi had acquired my old bank Pacific Union Bank and I was at Pacific Union Bank for about 11 years.

Q. And what was your job at Pacific Union Bank or did you have one job the whole time or did you have multiple jobs?

A. I was general counsel.

Q. For 11 years?

A. For 11 years. Initially, my last position was as senior vice president and general counsel. I think I started out as VP and general counsel.

Q. And what did you do before you worked at Pacific Union Bank?

A. I was at a law firm.

Q. Which law firm?

A. Thelen, Marrin, Johnson & Bridges.

Q. In which office of Thelen?

A. Los Angeles.

Q. And how long were you there for?

A. For about four years.

Q. Was that your first job out of law school?

LISA PAI (7/13/17)

A. Yes.

Q. Where did you go to law school?

A. UCLA.

Q. What year did you graduate?

A. 1990.

Q. What was your area of practice in the four years you were at Thelen, Marrin?

A. I started out in corporate, did a little bit of bankruptcy and a little bit of construction litigation support.

Q. Is that during the four years you were either in corporate bankruptcy or construction litigation?

A. Yes, in that order.

Q. In other words, you started in construction litigation then did bankruptcy then you did corporate; did I get that right?

A. The other way around.

Q. I see. So you went from working in the area of construction litigation approximately four years out of law school to become general counsel to Pacific Union Bank?

A. That's right.

Q. And would it be correct to say that

LISA PAI (7/13/17)

there is a thing called the Korean American banking industry?

MR. YI: Objection to form.

A. Sure.

Q. Right, there are banks that don't exclusively focus or they don't exclude customers who aren't Korean American, but they focus on Korean American businesses; is that correct?

A. That's right.

Q. In fact, your current employer is such a bank?

A. That's right.

Q. Was Pacific Union such a bank?

A. Yes.

Q. And Pacific Union, did you say that was merged into Hanmi?

A. Acquired by Hanmi.

Q. And was Hanmi a Korean American bank?

A. Yes.

Q. And was Nara Bank also a Korean American bank?

A. Yes.

LISA PAI (7/13/17)

Q. And CentreBank was a Korean American bank?

A. Yes. All of the banks I have worked for are Korean American focused bank.

Q. Is that the term you used in your job; if you were explaining to someone, you would say Korean American focused?

A. Yes.

Q. Do you speak Korean?

A. Yes, I do.

Q. Were you born in Korea?

A. Yes, I was.

Q. What year did you come to this country?

A. 1973.

Q. How old were you at the time?

A. Thirteen years old.

Q. Did you live in Los Angeles?

A. No. Initially we -- I lived in Minnesota.

Q. How long did you live in Minnesota?

A. Until 1982.

Q. Did you graduate from high school in Minnesota?

LISA PAI (7/13/17)

A. Yes.

Q. What high school?

A. Marshall-University High School.

Q. What town is that in?

A. In Minneapolis.

Q. And then from there you went to college?

A. Yes.

Q. Where did you go to college?

A. University of Chicago.

Q. And then did you take time off between University of Chicago and law school?

A. Yes, I did. I worked for five years.

Q. What did you do in that five years?

A. I worked in insurance, manufacturing. I think those two fields.

Q. Then you went to UCLA?

A. Yes.

Q. Did you study banking law at UCLA?

A. Not necessarily, but I did take some courses that were helpful in banking.

Q. When you were executive vice president, head of legal and head of human

LISA PAI (7/13/17)

resources for Wilshire Bank during that three and a half years, did you have a staff?

A. Yes, I did.

Q. How many people were in your staff?

MR. YI: Objection to form.

A. I think it was 10 or 11.

Q. Can you tell me what was that comprised of? I'm assuming some admins and some legal staff as well, maybe a paralegal or two, but please tell me, what was that team to the best you can recall comprised of.

A. Yes, I had four in legal comprising of one in-house counsel, one other in-house counsel, she was part-time and three paralegal type staff and in HR, I had -- I supervised a manager plus three HR staff.

Q. Now, you had some involvement with the investigation into the embezzlement that's the subject in this case and the decision to begin a lawsuit against Karen Chon, James Ryu and H.S. Hur, correct?

A. Yes.

Q. Was that a legal function or was this an HR function to you or something else?

LISA PAI (7/13/17)

A. Mostly a legal function.

Q. When you say "mostly," was any aspect of it not a legal function?

A. Not really. They, the employees that were involved in it were already terminated, so I saw it as pretty much a legal function.

Q. Did you sit on the board of Wilshire Bank?

A. No, I did not.

Q. Did you attend board meetings?

A. Yes, I did.

Q. Do you sit on the board of Bank of Hope?

A. No, I do not. I attend board meetings as corporate secretary.

Q. So you have -- you're an officer of the corporation, you're a corporate secretary?

A. Yes.

Q. Were you corporate secretary for Wilshire Bank as well?

A. Yes.

Q. When you were in your position at Wilshire Bank, to whom did you report?

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1 LISA PAI (7/13/17)

2 A. To the CEO.

3 Q. Who was that?

4 A. J.W. Yoo.

5 Q. Can you spell Yoo for the sake of  
6 the court reporter.

7 A. Y-O-O.

8 Q. And who do you report to at Bank of  
9 Hope?

10 A. To the CEO Kevin Kim.

11 Q. Did you do anything to prepare for  
12 the deposition today?

13 A. I met with our outside counsel.

14 Q. How long did you meet for?

15 A. About half day.

16 Q. Did you review any documents?

17 A. Yes, some.

18 Q. Do you remember which documents you  
19 reviewed?

20 A. The deposition notice and some  
21 declarations I had signed.

22 MR. YI: Just for the record,  
23 Steve, by deposition notice, I believe  
24 she was referring to Ryu-15.

25 MR. HARVEY: Thank you.

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1 LISA PAI (7/13/17)

2 Q. Did you review any other documents?

3 A. Yes, the internal audit reports.

4 Q. Anything else?

5 A. I think there were a few others,  
6 but I can't seem to recall.

7 Q. The declarations you had signed,  
8 was it more than one declaration?

9 A. I think there were two.

10 Q. What was the substance of those two  
11 declarations, to the best you can recall, if  
12 you can just summarize it?

13 Let me help you with your memory.

14 One of those declarations related to the  
15 recently filed motion that your counsel filed  
16 to have Mr. Ryu stop making communications,  
17 correct?

18 A. That's right.

19 MR. YI: Objection to form.

20 Q. And so what was the other  
21 declaration?

22 A. I think it was a declaration in  
23 support of our motion to dismiss.

24 Q. Did you do anything else to help  
25 prepare for your deposition?

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1 LISA PAI (7/13/17)

2 A. Just had a discussion with our  
3 outside counsel while reviewing those  
4 documents.

5 Q. Now, I'm going to hand you what's  
6 been marked as Ryu Exhibit 15. Please take a  
7 moment to look at it. My first question is  
8 going to be whether this is the corporate  
9 designee notice of deposition that you  
10 reviewed with your counsel yesterday?

11 A. Yes, it is.

12 Q. And do you understand that Rule  
13 30(b)(6) of the Federal Rules of Civil  
14 Procedure requires a corporation that has been  
15 served with such a 30(b)(6) Notice to produce  
16 a person or persons to testify to the  
17 knowledge that's possessed by the corporation  
18 on the subject in the notice of deposition?

19 A. Yes.

20 MR. YI: Objection to form.

21 Q. And are you prepared to testify as  
22 the person designated for Bank of Hope about  
23 the topics set forth in this notice?

24 MR. YI: Objection to form.

25 A. For most of the topics, yes.

Page 21

1 LISA PAI (7/13/17)

2 Q. Which ones are you not prepared to  
3 testify for the bank?

4 A. No. 8, that's the only one that  
5 pops out at me right now.

6 Q. Okay. We'll return to that.

7 You met with James Ryu in February  
8 of 2014; isn't that correct?

9 A. Yes, I believe so.

10 Q. Prior to that, had you ever met  
11 him?

12 A. I think I did.

13 Q. When was that?

14 A. I think it was during the merger  
15 due diligence period. I met with him briefly.

16 Q. Did you know James Ryu prior?

17 When you say "the merger due  
18 diligence," you mean the merger due diligence  
19 for the Wilshire Bank acquisition of  
20 BankAsiana?

21 A. That's right.

22 Q. Did you ever meet him prior to  
23 that?

24 A. I don't believe so.

25 Q. Did you know who he was prior to



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that, like had you heard of him or you just knew him by name?

A. No, I don't believe so.

Q. You never heard about him or had any dealings with him when you were at CentreBank?

A. Prior to the merger context, no, I don't believe so.

Q. Prior to -- when you say "the merger," you mean again the Wilshire-BankAsiana merger?

A. That's right.

Q. And your dealings with him in the context of the BankAsiana merger, can you recall what they were?

A. I think it was related to board record review, which I was responsible for and on-site management interview. I think that was about it.

Q. So in other words, you interviewed him as part of interviewing the management in connection with the due diligence?

A. Yes, but not interview him in kind of his personal context, but only in the

LISA PAI (7/13/17)

context of the minutes.

Q. So you had a meeting with him?

A. I believe so.

Q. And it was just you and him?

A. That I cannot remember.

Q. Do you remember how long the meeting was?

A. I don't think it was very long.

Q. So you conducted an interview of him, but just with regard to the subject of the board minutes; do I understand that correctly?

A. That's my recollection.

Q. And did you -- at that time, did you learn that he had been -- you learned he was Korean American like you, right?

A. Yes.

Q. Did you learn that he had been in the Korean American banking industry himself for a number of years?

A. Yes.

Q. And did you learn which banks he had been in?

A. Yes, I think he talked about being

LISA PAI (7/13/17)

at CentreBank.

Q. Did you learn anything else on that subject?

A. Not that I can remember, no.

Q. Are you aware that when Karen Chon worked at Liberty Bank of New York, she was suspected of embezzlement?

MR. YI: Objection to form.

A. I learned that later in the process of our investigations.

Q. You learned that after the embezzlement came to light when Karen confessed?

A. That's right.

Q. Liberty Bank New York was a predecessor of Wilshire Bank; isn't that true?

A. Not a predecessor. We acquired one branch from Liberty Bank.

Q. Was it the branch that Karen Chon had worked at?

A. I believe so.

Q. And do you know if anyone from Wilshire Bank ever alerted BankAsiana -- well, let me withdraw the question.

LISA PAI (7/13/17)

When you were conducting the due diligence for the transaction, the merger, BankAsiana, Wilshire Bank merger, did you meet Karen Chon?

A. No, I did not.

Q. Did you learn that she worked there?

A. Not until -- towards the end of the merger, yes.

Q. And how was it that you learned towards the end of the merger that she worked there?

A. Actually I think I learned that towards the end of -- after, after the merger.

Q. How did you learn it after the merger?

A. When her name came up in the context of the embezzlement, we looked into her records.

Q. Do you know if Liberty Bank New York ever took steps to alert BankAsiana that it had hired someone who had been suspected of embezzlement -- let me withdraw the question. The question needs some



1 LISA PAI (7/13/17)

2 background.

3 When did Wilshire Bank acquire  
4 Liberty Bank New York?

5 A. It was some time before I joined.

6 MR. YI: Objection to form.

7 A. Wilshire Bank, I think it was prior  
8 to 2007 since Ms. Chon started working at  
9 BankAsiana in 2007.

10 Q. Do you know whether Wilshire Bank  
11 ever alerted BankAsiana that it had hired  
12 Karen Chon who had been suspected of  
13 embezzlement while she worked at Liberty Bank  
14 New York?

15 MR. YI: Objection to form.

16 A. I don't know that Wilshire would  
17 have known that BankAsiana had hired Karen  
18 Chon.

19 Q. Do you know if Wilshire Bank did  
20 anything to alert the fact that Karen Chon who  
21 had been an employee of Liberty Bank New York  
22 had been suspected of embezzlement?

23 MR. YI: Objection to form.

24 A. I don't think Wilshire Bank was in  
25 a position to alert anyone that she was one of

1 LISA PAI (7/13/17)

2 the employees that they had interviewed when  
3 there was a cash shortage in teller stations  
4 and she was not charged with anything, so I  
5 don't know that they would have been in a  
6 position to alert anyone.

7 Q. So to the best of your knowledge,  
8 Wilshire Bank, to your knowledge, did not  
9 alert anyone that Karen Chon had been  
10 suspected of embezzlement before she left  
11 Liberty Bank?

12 MR. YI: Objection to form.

13 A. That I do not know because I was  
14 not at Wilshire Bank at the time and I didn't  
15 see any records that indicated so.

16 Q. When did you first learn that there  
17 had been an embezzlement at BankAsiana?

18 A. Either January or February 2014.

19 Q. How did you first learn?

20 A. I think I heard it first from  
21 either Alicia Lee or Elaine Jeon.

22 Q. Was the communication in writing or  
23 was it oral?

24 A. I think initially it was oral.

25 Q. By telephone call?

1 LISA PAI (7/13/17)

2 A. No, I think it was an in-person  
3 meeting.

4 Q. And that was either Alicia Lee or  
5 Elaine Jeon?

6 A. Yes, or both.

7 Q. Who is Alicia Lee?

8 A. Alicia Lee was the operations --  
9 operations manager I think.

10 Q. For Wilshire Bank?

11 A. For Wilshire Bank, and I mean  
12 deposit operations.

13 Q. Was she headquartered on the West  
14 Coast?

15 A. In Los Angeles, yes.

16 Q. Who was Elaine Jeon?

17 A. Elaine Jeon was Alicia's boss, the  
18 chief operations administrator.

19 Q. Do you remember what they told you?

20 MR. YI: Objection to form.

21 A. So they told me that -- that a  
22 former employee of BankAsiana, the bank that  
23 we had just acquired had just confessed to  
24 embezzling a large sum of money from the bank  
25 and from the bank, I mean BankAsiana.

1 LISA PAI (7/13/17)

2 Q. Do you remember that they --  
3 anything else that they told you?

4 A. I think at the time, they already  
5 knew that she had implicated James Ryu as  
6 well.

7 Q. Do you remember them telling that  
8 to you?

9 A. I think so. You know, some of the  
10 information kind of merged in my brain, so I  
11 don't remember if that's exactly what they  
12 told me at that time or subsequently. It's  
13 been a while.

14 (Ryu Exhibit 16, e-mail chain  
15 dated January 22, 2014 was marked for  
16 identification, as of this date.)

17 BY MR. HARVEY:

18 Q. Ms. Pai, the court reporter just  
19 handed you what's been marked as Ryu 16. It's  
20 an e-mail that says David Dzara at the top,  
21 that's just because he works for me and he  
22 printed it out.

23 As you can see, it's from somebody  
24 named Bo-Young Lee to Elaine Jeon and someone  
25 named Seung Ho Park. Please take a moment to

1 LISA PAI (7/13/17)

2 look at it. My first question is going to be  
3 whether you've ever seen it before?

4 A. I don't recall this specific  
5 e-mail. I may have seen it, but I can't  
6 recall.

7 Q. Who is Seung Ho Park?

8 A. Seung Ho Park is the regional  
9 manager for the eastern region that covers  
10 New York and New Jersey offices.

11 Q. Would you have expected that Alicia  
12 Lee and whoever -- withdraw the question and  
13 start over.

14 Would you have expected that you  
15 would have been alerted right away when you  
16 learned there had been a large embezzlement at  
17 BankAsiana?

18 A. Would I have expected? I think I  
19 was alerted right away. I mean more or less  
20 Elaine Jeon is a senior operations  
21 administrator and I'm one of the people she  
22 would update this type of information to.

23 Q. Well, as general counsel of the  
24 bank, if there's a large embezzlement with a  
25 bank you merged with, you would have expected

1 LISA PAI (7/13/17)

2 if not that day, the next morning, right?

3 MR. YI: Objection to form.

4 A. I don't know that I would have  
5 expected it on the same day, not necessarily,  
6 as long as it's promptly thereafter.

7 Q. So I think the record shows the  
8 communication was first had with Karen Chon on  
9 January 22nd, in which she confessed to the  
10 embezzlement; were you aware of that?

11 MR. YI: Objection to form.

12 A. Yes, I am aware of that.

13 Q. I'm going to show you what's been  
14 marked as Ryu Exhibit No. 3.

15 A. Okay.

16 Q. Have you had a chance to look at  
17 what's been marked as Ryu-3?

18 A. Yes.

19 Q. You've seen this document before,  
20 correct?

21 A. Yes, I have.

22 Q. Did you review this in preparation  
23 for your deposition?

24 A. Yes.

25 Q. This is an e-mail dated

1 LISA PAI (7/13/17)

2 January 23rd from Elaine Jeon -- from Alicia  
3 Lee to Elaine Jeon reporting on a conversation  
4 with Karen Chon?

5 MR. YI: Objection to form.

6 Q. Correct?

7 A. Yes.

8 Q. So I just want to understand, is it  
9 your understanding that Karen Chon initially  
10 confessed to the embezzlement on January the  
11 22nd of 2014 and then she came in and had  
12 further communications the following day  
13 January 23, 2014, correct?

14 MR. YI: Objection to form.

15 A. Yes.

16 Q. Did the bank have any knowledge  
17 that Karen Chon was implicated in this  
18 embezzlement prior to January 22, 2014?

19 A. I'm sorry, can you repeat that.

20 Q. Sure. Did the bank have any  
21 knowledge that Karen Chon was implicated in  
22 the embezzlement prior to January 22, 2014?

23 A. I don't believe so, based on these  
24 documents.

25 Q. Do you know how the bank first

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2 realized there was a problem with potential  
3 embezzlement?

4 MR. YI: Objection to form.

5 A. Yes, I think the bank was initially  
6 informed by Bo-Young Lee and possibly I.E.  
7 Lee, after their conversation with Karen Chon.

8 Q. Did you know that there was -- that  
9 a customer had made some kind of a statement  
10 that began the process of looking into some  
11 unexplained transactions and that that's what  
12 led to the first communication with Karen  
13 Chon?

14 MR. YI: Objection to form.

15 A. That's right, that's my  
16 understanding.

17 Q. And what's your understanding of  
18 what happened; you know, how did we go from  
19 some customer making a statement to Karen Chon  
20 confessing on January 22, 2014; what were  
21 those facts; do you know?

22 A. Yes. So the customer [REDACTED]  
23 came into the bank because of some discrepancy  
24 on his CD account, 1099 statements and when  
25 they started looking into that, there were

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questions that Irene and Bo-Young could not answer. So my understanding is they contacted Karen Chon who was most familiar with the branch transaction and during those discussions, they discovered -- I guess Karen confessed to embezzling the funds of the bank relating to this customer's account.

Q. And did Karen confess to a -- did she -- how much did she confess to embezzling; do you know?

A. I don't know that she specifically said the amount other than relating to [REDACTED], but like I said, my recollection is kind of fuzzy on exactly when she confessed to a specific amount.

Q. Well, do you know whether in her first conversation that -- Karen's first conversation in which she acknowledged that she had embezzled money from the BankAsiana or its customers, do you know whether they implicated James Ryu in that initial conversation?

A. That's my understanding.

Q. What is the basis for that

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understanding?

A. Initially reports from Alicia Lee, based on her meeting with Karen, as well as her conversations with Bo-Young and Irene and I just noticed that this memo by Alicia Lee says that Karen's recollection at the time is that the amount, total amount is around a million dollars.

Q. Okay. So I'm focused now on your understanding that in the very first conversation, that Karen -- in which Karen acknowledged her responsibility for embezzling money, she implicated James Ryu, you're basing for saying that is something that Alicia Lee told you?

A. Yes, Alicia Lee was the person that informed me and/or Elaine Jeon.

Q. To be clear, they said in the initial communication, Karen Chon implicated James Ryu?

A. Like I said, I don't recall if it was -- if you mean by initial, the first instead of the second, that I cannot recall, but whether it was first or second discussions

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they had with her, I think the bank learned within days of talking to Karen that James Ryu -- that she was implicating James Ryu in the embezzlement.

Q. I'm going to hand you what's been marked as Ryu Exhibit 12. Please take a moment to look at it.

A. Okay.

Q. This document has the Bates numbers WB795 through '808 on it. And you've seen this before, haven't you?

A. Yes, I have.

Q. This is one of the internal investigation reports that the bank had prepared for it with respect to its embezzlement, correct?

A. Internal audit report, yes.

Q. Why do you call it an internal audit report?

A. It was prepared by an internal auditor.

Q. Who was that?

A. Orest Hamersky.

Q. Okay. Now I'm going -- we'll

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probably ask you a bunch of questions as we go on. I'm focused on one issue right now, and that is at the bottom of page 1, which is WB797, and if you read that paragraph, I'm not going to ask you to read it out loud, the one that begins "When Irene discovered" and goes on to the second page of that. I'd like to ask you a question about that. While you do that, I'm going to take a short break.

MR. HARVEY: Let's go off the record.

(Whereupon, at this time, a short break was taken.)

BY MR. HARVEY:

Q. Ms. Pai, have you had a chance to review that paragraph?

A. Yes, I have.

Q. And do you see in here in that paragraph, it discusses a meeting on January 22nd and there's no reference in there -- would you agree with me, there's no reference to James Ryu being implicated on January 22nd?

A. It appears to be so, yes.

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Q. Then there is a reference to James being implicated on January 23rd?

A. Yes, it appears to be so.

Q. So I'm trying to understand if you had any conversation on that subject of whether James Ryu was implicated in the conversation, whether Karen Chon implicated James Ryu on January 22nd or not?

A. Yes, it appears that Karen Chon implicated James for the first time on January 23rd when she had a meeting with Alicia Lee and that's from whom I heard the report, so by the time I heard it, James had already been implicated.

Q. Okay. So just from your perspective, I want to make sure we have the facts right here. So the facts are that she made some statements, she acknowledged responsibility on January 22nd, didn't mention James Ryu, and then had a further communication on January 23rd in which she did mention James Ryu; is that correct?

MR. YI: Objection to form.

A. That's right. I think my

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understanding is that on January 22nd, discussion with Bo-Young and Irene were more about transactions and explaining the transactions, that when Alicia went and met with her on January 23rd, it was more about responsibility and her motivation.

Q. So as the bank's corporate designee, I'm asking you, it's the bank's understanding that the information in the bank's possession that Karen didn't mention James Ryu on the 22nd, but she did mention him on the 23rd, correct?

MR. YI: Objection to form.

A. It appears to be so.

Q. You don't know whether the first communication to you was on the 22nd or the 23rd; is that correct?

A. My recollection is it was either the 23rd or thereafter.

Q. And why is it -- how was it that you recollect that?

A. Because my recollection is I first heard from Alicia and/or Elaine after she had gone out there.

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Q. After Alicia had gone out there?

A. That's right, either Alicia was there already when Elaine came into my office and we had -- she -- Alicia called in or they -- Alicia had come back and reported to me together with Elaine. I cannot remember which.

Q. Okay. So what did the bank do at this point after you learned there had been this embezzlement?

A. So the bank talked about who would look into what, basically how to start our investigation and I think we decided to involve internal audit to help with sort of forensic review of the transactions to assist to work with Alicia Lee to understand how the customer accounts were manipulated, more or less, on a technical basis and I forget at that time what else we talked about.

Obviously we eventually thought about -- discussed, you know, to get an outside counsel to assist us with the investigations and I frankly -- I don't remember exactly when that happened.

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Q. When did you first hear of New Millennium Bank?

A. I think during the investigation period.

Q. New Millennium Bank was a startup Korean American bank in New Jersey; is that correct?

MR. YI: Objection to form.

A. My recollection is that it was an existing bank that was troubled and that James Ryu and former CEO of BankAsiana, a bank that we had just acquired was going to be joining them as a new management team along with new investors.

Q. And that it would be a Korean American bank?

MR. YI: Objection to the form.

A. I don't think it was a Korean American bank before, but I guess with the new management team, it would become a Korean American focused bank.

Q. Yes. It was a fail essentially, completely or at least partially failed New Jersey banking institution that certain

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 2 Korean American investors that were investing  
 3 were H.S. Hur as the CEO and James Ryu as the  
 4 No. 2 person there; was that your  
 5 understanding?

6 MR. YI: Objection to form.

7 A. Okay, more or less.

8 Q. I mean, is there any part of that  
 9 that's incorrect, tell me which part is  
 10 incorrect?

11 MR. YI: Objection to form.

12 A. I wouldn't know if it's correct or  
 13 incorrect. I mean that's all based on  
 14 information that I don't have first knowledge  
 15 of.

16 Q. Right. But you learned sometime  
 17 shortly after this investigation into the  
 18 embezzlement began, you learned that James Ryu  
 19 and H.S. Hur were involved in resuscitating a  
 20 financial institution and that it was going to  
 21 be a Korean American banking competitor of  
 22 Wilshire Bank, right, in the same area; is  
 23 that correct?

24 MR. YI: Objection to form.

25 A. Again, I don't know what area they

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 2 had branches in, but I did learn that Mr. Hur  
 3 and James Ryu were going to be part of the new  
 4 management team.

5 Q. And that it would be a Korean  
 6 American bank, right?

7 MR. YI: Objection to form.

8 A. Well, again, I don't know what  
 9 their new focus or strategy is.

10 Q. So at the time, you didn't know one  
 11 way or the other whether it was going to be a  
 12 Korean American bank?

13 MR. YI: Objection to form.

14 A. Well, whether their strategy is to  
 15 target Korean Americans, all I know is that at  
 16 that time, I probably assumed that.

17 Q. It would be a fair assumption given  
 18 that those two gentlemen had their whole  
 19 careers in Korean American banks and had just  
 20 been at a Korean American bank, correct?

21 MR. YI: Objection to form.

22 A. Sure.

23 Q. Now, did H.S. Hur have a  
 24 non-compete with BankAsiana?

25 A. I don't recall actually. I know he

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 2 had confidentiality obligations.  
 3 Q. Were you concerned that either H.S.  
 4 Hur or James Ryu were breaching the  
 5 obligations they owed to BankAsiana, which of  
 6 course had been merged into Wilshire Bank at  
 7 that time with respect to their activities  
 8 with New Millennium Bank?

9 A. I'm sorry, can you ask that again.

10 Q. Sure. At the time, at or around  
 11 the time that you learned that James Ryu and  
 12 H.S. Hur were involved in New Millennium Bank,  
 13 which I think was shortly after the  
 14 investigation began, correct?

15 A. Yes.

16 Q. So at or around that same time,  
 17 were you concerned that James Ryu and/or H.S.  
 18 Hur were possibly violating or breaching  
 19 duties they owed to BankAsiana with respect to  
 20 activities of the new bank New Millennium such  
 21 as noncompetes or confidentiality or other  
 22 obligations?

23 MR. YI: Objection to form.

24 Did you mean BankAsiana or  
 25 Wilshire Bank?

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2 MR. HARVEY: I meant both because  
 3 BankAsiana had merged with Wilshire.

4 A. Yes. At a certain point, I was  
 5 concerned that they might be breaching their  
 6 confidentiality and other related provisions.

7 Q. Do you remember anything more  
 8 specific such as what obligations other than  
 9 confidentiality they might have been  
 10 breaching?

11 A. I think breaching, taking customer  
 12 information was a --

13 Q. Did you finish your answer?

14 A. Yes.

15 Q. So you became concerned that they  
 16 may be taking or using BankAsiana customer  
 17 information; is that correct?

18 MR. YI: Objection to form.

19 A. Yes, more for Mr. Hur.

20 Q. Why more for Mr. Hur?

21 A. I think he was more of the  
 22 marketing person.

23 Q. What was your understanding of the  
 24 relationship between Mr. Hur and Mr. Ryu?

25 A. I understood that they worked



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2 together for a long time.

3 Q. Had you met Mr. Hur?

4 A. Yes, during the due diligence  
5 visits.

6 Q. Is he fluent in English?

7 A. I'm not sure. I usually spoke to  
8 him in Korean.

9 Q. He's older than Mr. Ryu; is that  
10 correct?

11 A. I believe so.

12 Q. Did you have internal discussions  
13 at Wilshire Bank about New Millennium Bank at  
14 around this time?

15 MR. YI: Objection to form.

16 A. Again, I don't remember the exact  
17 timing, but during the investigation, we were  
18 concerned that they were -- they appeared to  
19 be discussing the New Millennium Bank deal  
20 during the merger negotiation period, that  
21 they were using bank time and resources to be  
22 involved and possibly using confidential  
23 customer information.

24 Q. So you were concerned that Mr. Ryu  
25 and Mr. Hur might have plotted to start a

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2 competitor in the Korean American banking  
3 space while they were still employed at  
4 BankAsiana?

5 A. Yes, that was one of our concerns.

6 Q. Did you have any other concerns?

7 A. Well, with Mr. Ryu, we were  
8 concerned that he had embezzled a large sum of  
9 money from the bank.

10 Q. Did you have any other concerns?

11 A. We were also concerned that both  
12 Mr. Hur and James Ryu had taken their  
13 computers and laptops without any consent from  
14 Wilshire Bank.

15 Q. Did you have any other concerns?

16 A. Other than relating to  
17 embezzlement, I think that's all I can recall  
18 right now.

19 Q. Were these concerns shared among  
20 the senior management of Wilshire Bank?

21 A. With certain members, yes.

22 Q. Which members?

23 A. I think mostly Elaine Jeon and CEO  
24 from time to time.

25 Q. That would be Jae Whan Yoo?

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2 A. Yes, and we probably reported to  
3 the board as well.

4 Q. Would that have been reported in  
5 board minutes?

6 A. It may have been.

7 Q. You just don't recall one way or  
8 another whether it was in board minutes,  
9 correct?

10 A. Correct.

11 Q. Now, when was outside counsel  
12 engaged to assist with respect to the  
13 embezzlement?

14 A. Shortly thereafter, but I actually  
15 don't recall the specific date.

16 Q. What did you learn about James Ryu  
17 and H.S. Hur, I think you said taking their  
18 computers or laptops or something, you just  
19 said that a couple minutes, that was one of  
20 your concerns?

21 A. Yes.

22 Q. Tell me, was it that they took  
23 laptops or hard drives; do you remember your  
24 specific concern?

25 A. Yes, my concern was since Karen was

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2 implicating James that he may have taken the  
3 laptop and his computer to conceal any  
4 information that he may have had relating to  
5 the embezzlement.

6 Q. What about with respect to H.S.

7 Hur, did you have a concern he had taken the  
8 laptop computer or anything like that or just  
9 James?

10 A. No, we were also concerned about  
11 Mr. Hur taking his computer as well and that  
12 at that point, we didn't know whether he was  
13 also involved since he was so closely tied to  
14 James Ryu and whether he also took his  
15 computer to conceal any information that may  
16 be residing in those computers.

17 Q. So you thought it was possible that  
18 Mr. Hur was also involved in the embezzlement,  
19 correct?

20 A. Yes, initially we definitely were  
21 wondering about that.

22 Q. And when you say "we," do you mean  
23 the people you just talked about before,  
24 Alicia Lee, Elaine Jeon and Jae Whan Yoo?

25 A. Yes.

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Q. Anyone else?

A. No, at a high level, those are the three.

Q. Now, did you learn that the circumstances under which Mr. Ryu and Mr. Hur took their laptops and computers?

A. I'm sorry.

Q. Did you learn the circumstances under which Mr. Ryu and Mr. Hur took their laptops and computers?

A. Yes. So initially we asked IT person from former BankAsiana and he did not know that they had taken those computers until he went to their offices and found them empty.

Q. And who was that?

A. His name is Eunmoo Choi.

Q. Can you spell that, please.

A. E-U-N, M-O-O, C-H-O-I, I think.

Q. So you learned from directly -- yourself learned it from Mr. Choi that he told you that he didn't know that Mr. Hur and Mr. Ryu had taken their computers until he went to their offices and found them missing; is that correct?

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A. I don't recall whether I spoke directly to him at that point or through Elaine Jeon or Alicia Lee.

Q. But one way or another you learned that he had reported that he -- that they were -- that those computers were missing and he had not -- he was not aware of it until he found them missing, correct?

A. That's right, because that was one of the items that we would review as part of our investigation.

MR. YI: Steve, when you get a chance, let's just take a quick break.

MR. HARVEY: We can do it right now.

(Whereupon, at this time, a short break was taken.)

BY MR. HARVEY:

Q. So I think, to be clear, you just testified Eunmoo Choi told somebody who told you that he had discovered, he first learned that -- that the computers were missing because they weren't in their offices when he went to look, right?

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MR. YI: Objection to form.

A. That's my recollection, yes.

Q. Would you please take a look at what's been marked as Ryu Exhibit No. 12?

A. Which page, I'm sorry?

Q. Take a look. Basically I want to ask you, there's a reference on page 2 of this, which is WB798 to Eunmoo Choi and it doesn't contain the fact that you just state, but I want you to confirm that yourself, that it doesn't contain that statement.

And my question is why would a relatively important fact like that be left out of the audit report?

MR. YI: Objection to form.

A. Well, this is a report that Orest had prepared and my answer was based on discussions either with Eunmoo Choi or someone else about discussions with Eunmoo Choi, so I guess Orest wasn't told about that. Orest was mostly involved in reviewing transactions with Alicia and to the extent he found out about other conversations, he would incorporate them, but that's why, you know, I'm referring

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to his report as internal audit report. It's just one aspect of our investigation and he wasn't necessarily charged with reflecting everything that everybody else found out about, although he attempted to include what he knew about in his reports.

Q. Were you concerned -- you said you were concerned that the laptops and computers might have contained information relevant to the embezzlement, correct?

A. That was one of my concerns.

Q. Did you ever find out whether they actually did contain information relevant to the embezzlement?

A. Yes, I -- we later found out more about what the computers -- what kind of information the computer hard drives contained.

Q. Was there any information on there pertaining to the embezzlement?

MR. YI: Objection to form.

Q. When I say on there, I mean any of the computers and laptops, any information on any of the computers or laptops that you later



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2 had reviewed that was pertinent to the  
3 embezzlement?

4 A. Right. I think what's pertinent to  
5 the embezzlement was, you know, we were  
6 looking for information about James' role at  
7 the bank and what may have led up to the  
8 embezzlement. So yes, I think the computers  
9 contain information that explained -- gave  
10 more light to James' role at the organization,  
11 at the bank, BankAsiana and also what may have  
12 led up to his participation in the  
13 embezzlement.

14 Q. So there was information on those  
15 computers that was pertinent to the  
16 embezzlement; is that right?

17 A. Well, I think everything about his  
18 role at BankAsiana is pertinent to  
19 embezzlement, so if you know, that's....

20 Q. So the fact that he showed up for  
21 work on a day back in 2009 would be pertinent  
22 to the embezzlement?

23 MR. YI: Objection to form.

24 A. Well, I wouldn't go that far. The  
25 -- I think his role as No. 2 person at the

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2 bank and who he supervised, he basically was  
3 responsible for all of the operation at the  
4 bank, supervised Karen Chon and supervised  
5 deposit operations, even supervised BSA and  
6 internal audit and other people at the bank  
7 and some of his other roles at the bank,  
8 basically I believed were all pertinent to our  
9 investigation.

10 Q. And this was the first time that  
11 the bank had learned that he was No. 2 person  
12 at the bank and had these responsibilities,  
13 the bank didn't know this obviously prior to  
14 the embezzlement?

15 MR. YI: Objection to form.

16 Q. The bank didn't know that James was  
17 No. 2 person at BankAsiana and had these  
18 responsibilities prior to learning about the  
19 embezzlement; is that correct?

20 MR. YI: Objection to form.

21 A. I personally did not know about the  
22 specifics of his role. I knew he was No. 2 or  
23 in the top three, but I think in the context  
24 of this investigation, we wanted to know more  
25 about his -- his relationship, for example,

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2 with the CFO, for example, with Karen Chon and  
3 so on and so forth.

4 Q. And that's all information that the  
5 bank had access to during the due diligence,  
6 correct?

7 MR. YI: Objection to form.

8 A. During due diligence, our focus was  
9 different, we were looking for more merger  
10 transaction related regulatory issues  
11 possibly, financial issues at a high level.  
12 Anything that effects kind of merger pricing,  
13 for example. I don't think we had time or  
14 resources to investigate or review specific  
15 relationships and how his role affected, you  
16 know, behaviors of other employees.

17 Q. How many employees were at  
18 BankAsiana when Wilshire Bank acquired it?

19 A. My recollection is less than 50 or  
20 60. It was a very small bank.

21 Q. So when Wilshire Bank reviewed  
22 James Ryu's laptops, computers, whatever else  
23 it received from him, did it find anything  
24 specific about the embezzlement on those  
25 computers?

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2 MR. YI: Objection to form.

3 A. I'm not sure what you mean by  
4 specific. Like I said in the earlier answer,  
5 everything about his role to me was  
6 potentially related to embezzlement, but if  
7 you're talking about was there a direct  
8 evidence that he took funds out of customers'  
9 accounts, no, we didn't find anything like  
10 that.

11 Q. Was there any proof on there that  
12 James had played a role in the embezzlement on  
13 the laptops or computers?

14 MR. YI: Objection to form.

15 A. There were definitely information  
16 in it that corroborated some of the stories  
17 that I had heard from talking to employees  
18 about his role and behavior at BankAsiana.

19 Q. Was there any proof on there that  
20 he had participated in the embezzlement on  
21 those laptops or computers?

22 MR. YI: Objection to form.

23 A. Like I said, I don't know what you  
24 mean by proof. I think we were reviewing the  
25 contents of the computer hard drives as part

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of our investigations and investigations are still ongoing actually as we speak. We're still in discovery stage, so we were trying to gather information to eventually produce at trial.

Q. Let's be clear here, you don't understand what I mean when I say -- when I ask if there's any proof on those computers that James Ryu was involved in the embezzlement, correct, you don't understand what I mean by proof; is that correct?

MR. YI: Objection to the form; argumentative. I think the witness has made her response clear earlier, but I'll let you answer it.

A. That's right.

Q. Okay. How about evidence, are you familiar with the word evidence?

A. Yes.

Q. Was there any evidence on there that James Ryu had participated, any evidence on the laptop or computers or whatever computer materials the bank received from James Ryu that he had participated in the

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embezzlement?

MR. YI: Objection to form.

A. I think that there is potential information that could eventually become part of our evidence. At that point until we put all the information together, it is hard to say.

Q. So right now, you can't tell me whether there's any evidence on those computers that James -- or laptops that James Ryu had participated in the embezzlement, all you can say there's information that may lead to evidence; is that correct?

MR. YI: Objection to form.

A. Well, I think there's some supporting information such as his financial, personal financial problems that he had. I remember seeing information in -- from his computer hard drive about financial losses that he had incurred with businesses, personal business investments he had made while working at BankAsiana and that could potentially become part of our evidence.

Q. Right. So you saw some information

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suggesting that he had financial problems, but you didn't see any information on there suggesting that he had actually participated in the embezzlement; isn't that true?

MR. YI: Objection to form.

A. Well, according to Karen, his participation was directing her and possibly blackmailing her to take money out of the vaults, using customer -- by manipulating customer accounts and delivering cash to him in envelopes in a surreptitious manner, so if you're asking did we find an e-mail instructing her to do so, no, we did not.

Q. You didn't find any e-mails instructing him to do that, correct, that's what you just said?

A. That's correct.

MR. YI: Objection to form.

Q. And you didn't find any other evidence on this -- on the computers or laptops implicating James Ryu in the embezzlement; isn't that true?

MR. YI: Objection to form.

A. No. Like I said, I do think that

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the computers contain information that supports an explanation of why he would be involved and what may have motivated him to participate in embezzlement of large sums of money from BankAsiana.

Q. Okay. You say there may be evidence of motive, why he was involved, but there's no evidence in there that he actually was, in fact, involved, correct?

MR. YI: Objection to form; argumentative. I think we've gone over this.

A. To me, that's all part of evidence.

Q. I understand, but understand the question, please. There's no evidence on there that he was in fact involved? There's only evidence as you say that he had financial difficulties, a reason to be involved, but no evidence on the computers that he in fact was involved such as e-mails with Karen Chon or any other information that would be considered direct evidence that he was involved in this embezzlement as you contend; isn't that true?

MR. YI: Objection to form;

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argumentative; asked and answered.  
I'm going to allow the witness to  
answer just this one time if she can.

A. I think there's a difference in  
your definition of evidence and my definition  
of evidence. My definition of evidence is  
broader than just direct evidence implicating  
James and like I said, if you're asking if the  
computers contained direct evidence  
implicating him, then my answer is no, we  
didn't find any direct evidence implicating  
him.

Q. What broader evidence did you find?  
You said there was broader evidence in there  
that he had financial difficulties; what did  
you find? What was found on the -- by the  
bank on the computers that supported them?

MR. YI: Objection to form.

A. So I found evidence in the  
computers that corroborated, that were  
consistent with stories that I heard from the  
employees of his financial hardship and his  
involvement with the former employee that led  
up to his business investments that failed or

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businesses that failed and his abuse of his  
role in asking bank employees to prepare  
financial -- personal financial statements for  
him. I think I'll stop there.

Q. Did you find it yourself? Did you  
find this information yourself or did somebody  
find it for you?

A. We had engaged CliftonLarson, an  
outside computer expert, I guess, that  
reviewed hard drive content, so my information  
is based on some of their findings.

Q. And so all you know in this regard  
is what CliftonLarson told you?

A. No, I reviewed the -- some of the  
e-mails myself.

Q. And what were those e-mails that  
you can recall?

A. Well, I recall the financial  
statements and the e-mails from CFO, former  
CFO of BankAsiana to James or vice versa where  
the CFO refers to preparing personal financial  
statements for James and also information  
about his losses. I think it was in the  
context of James trying to get a modification

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of his residential loan for his house in  
California that was -- I think he was  
delinquent in loan payments and was trying to  
-- and he was under water, the value was --  
had dropped and he was trying to get some kind  
of modification approved and the former CFO  
provided -- prepared some of this information,  
which was very unusual from my perspective.

I forget what your original  
question was.

Q. Yes. Specifically, what  
information was on the computers that  
suggested that though, that implicated James  
in this broader sense of evidence and you've  
said now there was some abuse of roles with  
respect to personal financial statements, I  
think that's what you testified about, you  
mentioned something about a relationship, what  
was that relationship?

A. Some of the employees told me that  
he had a -- what they believe was a romantic  
relationship with a former employee that he --  
that he had transferred her to -- I think she  
was a teller at one of the branches, but that

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he had transferred her to -- I think closer to  
the headquarters so that he could see her more  
often and that he had gotten himself involved  
in her failing businesses. I think there were  
two of them and maybe because of that he was  
having a lot of financial problems, asking a  
lot of coworkers including the CEO for a  
personal loan. And I did find a lot of  
e-mails that he had sent to that former  
employee basically -- I don't know if I can  
characterize them as love letters, telling her  
how much he misses her and stuff like that,  
using the bank computer.

Q. So was there anything else that you  
can recall from the computer that provided  
this broader evidence as you say that would  
implicate James other than e-mails relating to  
an affair he apparently had with someone who  
worked at the bank, abuse of his role with  
respect to personal financial statements as  
you testified and asking coworkers for a  
personal loan?

MR. YI: Objection to form.

A. That's all I can recall right now.

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Q. What was it about asking coworkers for a personal loan; can you remember any specifics about that?

A. So a lot of employees said he was asking around to employees, both his superiors as well as people that reported to him for personal loans and that he was basically pretty desperate.

Q. That's what some employees told you?

A. Yes.

Q. Was that on the computer?

A. Well, the computer showed documents that show what kind of financial trouble he was facing.

Q. And who were these employees that told you about this?

A. I think Irene was one of them, Bo-Young may have been another one. I don't recall exactly who at this point.

Q. But you think it was Irene, either Irene or Bo-Young?

A. Yes, and I did speak with a former employee as well, name is Jessica Lee.

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Q. You think Jessica Lee may have told you this as well?

A. It's possible. I don't recall.

Q. So from the fact that James Ryu had an affair and that he had some financial difficulties and that he asked for a personal loan, from that you concluded that he therefore embezzled money?

MR. YI: Objection to form.

A. Well, no, there was more than that. He also not only asked for and obtained from some of the employees personal loans, but he also obtained personal loans from banks' customers, banks' borrowers and one particular borrower, Michael Kim, his business name is, I think, Clear Riverside and Kore Consulting, Kore with a K and I was particularly troubled about that.

Q. Why were you particularly troubled about that?

A. Because of the fact that he -- that is against most bank codes of conduct, to get a personal loan from banks' borrower and the fact that the borrower that he got the

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personal loan from was -- loan as a hard money lender and subsequently defaulted on numerous bank loans, including an SBA loan, which we later discovered was fraudulently obtained and so I think that's what was troubling to me.

Q. What's a hard money lender?

A. That's a good question. Someone that charges high interest and makes personal loans to people who don't otherwise qualify for loans from banks or credit unions.

Q. Is that illegal?

A. Is that illegal?

Q. Yes.

A. No, I don't necessarily think it's illegal as long as they don't violate usury laws, but they are usually a last resort for people who are desperate for money and I'll leave it at that.

Q. So from the fact that James had an affair and that he had abused his role by having the CFO help with some personal financial statements that he had asked coworkers for a financial loan, asked -- had some financial difficulties and taken a loan

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from a hard money lender named Kim, from all of those facts supported the idea that James had engaged and participated in the embezzlement; is that correct?

MR. YI: Objection to form.

A. Yes, not only may have engaged in, participated in embezzlement, but also that he may have disregarded any codes of conduct and acted inappropriately in his capacity possibly abusing his position at the bank.

I also remember talking to the former CFO and asking him about an advance of his pay that the bank didn't recover and the former CFO Frank Gleason is his name told me that James had told him he didn't have to pay him back, so that was another -- again, another instance of either abuse of position in exchange for personal favor or inappropriate by a bank senior officer.

Q. So Frank Gleason told you that James Ryu had taken an advance of his pay and then didn't pay it back and said he didn't need to; is that right?

A. No, Frank Gleason had taken an



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advance, so basically borrowed, not exactly borrowed. It wasn't technically a personal loan from the bank, but he had some financial need and had received \$5,000 in advance of his pay. I think when he started working for or shortly after he started working for the bank and later James had told Frank he didn't have to pay it back.

Q. Do you know if James ran that by H.S. Hur?

A. That I'm not sure.

Q. So from all those facts that you just mentioned, the ones you previously mentioned and from that transaction that you just testified about involving Frank Gleason, you concluded that James Ryu had participated in the embezzlement, correct?

MR. YI: Objection to form.

A. I believe that there was a higher likelihood that he did, yes.

Q. Now, after...

(Ryu Exhibit 17, website printout dated January 30, 2014 was marked for identification, as of this date.)

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A. Okay.

BY MR. HARVEY:

Q. Have you had a chance to take a look at what's been marked Ryu-17?

A. Briefly.

Q. Do you recall seeing this around January 30, 2014?

A. No, I don't recall it specifically.

Q. Okay. You can put that aside.

If H.S. Hur told James Ryu that he could take his computer because it was for whatever reason said you can take a computer, it's yours, take it home with you, would BankAsiana -- would that have been stealing?

MR. YI: Objection to form.

A. Well, I don't think Mr. Hur or James Ryu had the authority to take any assets of BankAsiana after they sold the bank to Wilshire Bank. You know, the bank merger, merger agreement or purchase agreement would not allow them to take any assets of the bank without consent of Wilshire Bank.

Q. Understood. And that would be effective as of the closing date, correct?

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A. It would be, but it was also included in the merger agreement that was signed before the closing, so actually they're contractually bound by the covenants in the agreement between the signing and the closing.

Q. Right. So if the bank -- James Ryu wasn't a party to that transaction, was he?

A. I think he was one of the officers that signed the reps and warranties probably. I don't recall specifically. I'd have to double-check, but I know at least Mr. Hur would have signed it and James may have signed officer certificate relating to all the reps and warranties and agreeing to the covenants.

Q. And so if James -- prior to the closing of the merger, H.S. Hur told James that he could take his computer and his laptop with him as he left the bank, you contend that would have been a violation by James of an agreement with Wilshire Bank?

A. Yes, because he was in a position to know what the terms and conditions of the merger agreement is, possibly even more than Mr. Hur. Most of the merger agreement

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negotiations were conducted with James as one of the primary contact persons at BankAsiana and I think he was the one that had most of the discussions with the outside counsel that represented BankAsiana.

Q. Who was that outside counsel?

A. I think it was Windel Marx or something like that.

Q. Do you know what firm that was with; was that the name of a law firm or name of a person?

A. Name of a law firm.

Q. Please spell that.

A. It may be wrong, W-I-N-D-E-L, then M-A-R-X.

Q. So to be clear, if H.S. Hur told James Ryu prior to the closing that you can take your computer and laptop, you believe that would have been a violation by James Ryu of agreements between Wilshire Bank and BankAsiana because he would have known that or he should have known that that equipment was supposed to be conveyed to Wilshire Bank?

MR. YI: Objection to form.

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Q. Is that correct?

A. Right. He should have known and should have advised Mr. Hur, because I think James was more familiar with the terms and conditions of the merger agreement than was Mr. Hur. I'm sorry, I don't know that for sure, but I would think.

Q. That's because you were involved in those merger negotiations as well?

A. Right, review of the merger agreement.

Q. How do you know that was James that was reviewing the merger agreement on the other side of the transaction?

A. Because he was listed in the main contact persons for BankAsiana and his position, he was the person, he or the CFO, but I think James was more involved in the merger agreement context than the CFO was.

Q. How do you know that?

A. Just overall dealings, seeing his name in the e-mails. Like I said, I think it was. You can ask James.

Q. Who was the CFO?

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A. Frank Gleason.

Q. Did Frank Gleason stay on with Wilshire Bank?

A. No.

Q. You said earlier you had three concerns; one was a concern about the embezzlement, second was a concern about the laptops and computers, and a third one was a concern about that H.S. Hur may have used information, did I understand you correctly, that he obtained from the bank for New Millennium Bank?

MR. YI: Objection to form.

A. Yes, customer information, yes.

Q. What was the basis for that concern?

A. I think that concern came about later on and again, I don't remember the timing. I think it came up when some of the VIP customers, again, it could have been much later, but closed their accounts and told us that they were moving the accounts to New Millennium.

Q. Who were those customers?

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A. Either that or I don't know if it was investments in New Millennium.

Q. So it was either customers or it was investment; is that right?

A. The customers were moving -- taking, withdrawing money out of bank -- former BankAsiana accounts to either open new accounts at New Millennium or to invest in New Millennium.

Q. Was this before or after Wilshire Bank commenced the lawsuit against Karen, James and H.S. Hur?

A. It probably was after.

Q. Do you believe that James Ryu took trade secrets of BankAsiana?

MR. YI: Objection to form.

A. Do you mean when he took the computers?

Q. At any time.

A. I mean yes.

Q. And do you still believe that he took trade secrets?

A. Yes because his computer contained a lot of e-mails, bank e-mails as well as bank

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information.

Q. So you think all bank e-mails and bank information qualifies trade secrets?

MR. YI: Objection to form.

A. Not all, but anything related to financials or proprietary information or customer information or even employee information would be considered confidential.

Q. Would they be trade secrets?

A. And/or trade secrets.

Q. In your mind, is confidential information the same thing as trade secrets?

A. No, not necessarily.

Q. What are trade secrets as opposed to confidential information?

MR. YI: Objection to form.

A. So trade secrets would include customer information, VIP customers as well as policies and procedures and potentially other types of information about the bank.

Q. Did James Ryu use any confidential information or trade secrets that he took from the bank?

A. That I do not know.

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Q. The bank originally brought a claim against James for misappropriation of secrets and confidential information, right?

A. Yes, because we suspected that he may -- the fact that he took the computers that contained that information, so we assumed that his intent was to use them.

Q. It was a lot of personal information on that computer too, wasn't it?

A. Yes.

Q. Pictures of his family, correct?

A. I don't recall seeing pictures of his family, but again I didn't review all of it so.

Q. Right. But you know that there -- that he had used that for a variety of purposes including personal, correct?

A. Based on what I personally reviewed, because of those letters, yes, I guess he must have used them for personal and business purposes.

Q. Do you use your bank computer -- you have a bank computer, right?

A. Yes.

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Q. Do you use it for personal as well as business?

A. I use it mostly for business.

Q. Do you ever use it for personal?

A. I try very hard not to.

Q. Do your friends ever e-mail you at your work address?

A. A few times.

MR. YI: I'm going to instruct the witness not to answer unless -- can you tell me some relevance.

MR. HARVEY: I'm asking her questions about James Ryu's use of his computer, the relevance of the subject matter in litigation. I think it's quite obviously relevant. I'm not going to any specific information with her and I think I'm entitled to ask this and I don't think you have a right to instruct the witness not to answer. I think if counsel instructs a witness not to answer on relevance grounds, he's responsible to the court for doing that. I don't think you

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have a right to do that unless it was highly intrusive and personal and believe me, I don't plan to get highly intrusive and personal.

MR. YI: I'll allow it if we stick to the facts relevant to this case.

MR. HARVEY: So we're sticking to the facts relevant to this case, I can assure you.

MR. YI: Okay.

BY MR. HARVEY:

Q. You at times use your computer for personal reasons, correct?

MR. YI: Objection to form.

A. At times.

Q. Does the bank have a policy that you can't use your -- does the bank have a policy that says you can never use your computer for personal reasons?

A. It doesn't say never, but it says the bank computer should be used primarily for business and only incidentally for personal, so that's why I try not to use it for personal purposes.

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Q. Understood. Now, why did the bank drop its claim against James Ryu about misappropriation of secrets and confidential information?

MR. YI: Objection to form, and I think it's really going into attorney work product area. I'll let the witness answer if she can.

A. Yes, I was going to say that that was based on consultation with outside counsel and we make sometimes strategic decisions for various reasons.

Q. Did the bank have evidence that James Ryu had, in fact, used confidential information or trade secrets of the bank?

A. Initially when we discovered that he took the computers, we definitely had high concern that he would use them, otherwise, we wouldn't have taken them.

Q. He gave the computers back to you personally, didn't he?

A. Yes, after demand was made.

Q. He told you that he believed they were his, but he was giving them to you



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 2 because -- in a show of good faith; isn't that  
 3 true?  
 4 MR. YI: Objection to form.  
 5 A. I don't recall that.  
 6 Q. He came to a meeting with you and  
 7 he gave you -- he gave you the computer and  
 8 the laptop or whatever it was, he gave it  
 9 personally to you, correct?  
 10 A. Yes, he handed it personally to me.  
 11 Q. Freely gave it to you, he wasn't  
 12 coerced in any way, correct?  
 13 A. Yes, and I believe he gave it back  
 14 freely as he agreed that it was bank property  
 15 that should not have been taken in the first  
 16 place.  
 17 Q. So he said that; did he say it was  
 18 bank property that shouldn't have been taken  
 19 in the first place?  
 20 A. I don't recall what he said  
 21 specifically when he handed it over.  
 22 Q. Are you surmising? So you said you  
 23 believed he did it because that; on what basis  
 24 do you believe that he did it because he  
 25 acknowledged that it was bank property?

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 2 one way or the other?  
 3 MR. YI: Objection; asked and  
 4 answered.  
 5 A. I don't recall it.  
 6 Q. So did the bank ever make a  
 7 determination that he had used any of the  
 8 information that was on the laptop or the  
 9 computer?  
 10 A. Did we make a determination; I  
 11 think investigation is ongoing and to the  
 12 extent it's still relevant, we would continue  
 13 to try to make that determination.  
 14 Q. Let me ask it a little differently.  
 15 So you believed when you filed the lawsuit,  
 16 that he may have misappropriated trade secrets  
 17 or confidential information, specifically he  
 18 may have used the information on the laptops  
 19 or the computer for purposes other than bank  
 20 purposes, right, BankAsiana purposes?  
 21 MR. YI: Objection to form.  
 22 A. Can you repeat the question, I'm  
 23 sorry.  
 24 Q. Sure. So when you brought the  
 25 lawsuit, when you authorized the lawsuit

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 2 MR. YI: Objection to form.  
 3 A. Because that's what I -- that's  
 4 what we said in our letter to him, that it's  
 5 bank property and please return it as soon as  
 6 possible and do not delete any information  
 7 that's contained in the computers because  
 8 that's also bank property and he promptly  
 9 contacted us and said he would return it and  
 10 return them and made arrangements to return  
 11 them personally to me since I was going to be  
 12 in town, so I assumed he agreed with the  
 13 bank's contentions.  
 14 Q. Do you recall whether he said I'm  
 15 giving this back to you even though it's mine  
 16 or words to that effect? In a show of good  
 17 faith, I'm giving this to you now even though  
 18 it's mine; do you recall that he said anything  
 19 like that?  
 20 MR. YI: Objection; asked and  
 21 answered.  
 22 A. No, I don't recall that.  
 23 Q. So I want to know, is it your  
 24 testimony that he definitely didn't say  
 25 anything like that or simply you don't recall

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 2 against James Ryu and the claim against him  
 3 for misappropriation of trade confidential and  
 4 trade secrets, that was based upon your  
 5 understanding that he had taken the laptop and  
 6 computer when he had left the bank and may  
 7 have in fact used the information on that  
 8 laptop or computer in some improper way,  
 9 correct?  
 10 A. That's correct.  
 11 Q. Did you ever find out any -- did  
 12 the bank ever have any -- uncover any evidence  
 13 that he had in fact used the information on  
 14 that laptop or computer for anything?  
 15 MR. YI: Objection; asked and  
 16 answered.  
 17 A. Well, that would involve  
 18 interviewing a lot of outside people, which we  
 19 haven't gotten to at this point of our  
 20 discovery, so I can't recall specific  
 21 information that, you know -- that would  
 22 enable me to answer that question.  
 23 Q. Well, in other words, you're not  
 24 aware of any evidence that he used the  
 25 information on that computer or laptop after

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2 he took it from BankAsiana, correct?  
3 A. That I can recall, no.  
4 Q. In other words, I'm correct to the  
5 best of your recollection?  
6 A. Well, I'm not sure what we have  
7 been able to discover so far on that  
8 particular issue, so.  
9 Q. I'm just asking for your knowledge.  
10 A. From my current recollection, not  
11 that I can think of.  
12 Q. Now, if you'd look again please at  
13 what's been marked as Ryu No. 12 in front of  
14 you, please.  
15 A. Is that internal audit?  
16 Q. Yes. Do you have that in front of  
17 you?  
18 A. Yes.  
19 Q. So this was the first of two  
20 reports that were prepared by Mr. Hamersky; is  
21 that H-A-M-E-R-S-K-Y?  
22 A. I believe so. One is dated  
23 February 25th.  
24 Q. And did Mr. Hamersky prepare this  
25 document himself; do you know?

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2 this was shared with Mr. Jae Whan Yoo?  
3 A. I don't recall.  
4 Q. Did you discuss it with Mr. Jae  
5 Whan Yoo?  
6 A. I discussed with Mr. Yoo at a high  
7 level. I don't recall if I had a discussion  
8 with him specifically about the -- about this  
9 document.  
10 MR. YI: By the way, for the  
11 record, I disagree with Mr. Harvey  
12 that I was coaching this witness. I  
13 think my understanding it's proper to  
14 instruct the witness not to speculate  
15 or guess, but to testify as to her  
16 knowledge and information.  
17 MR. HARVEY: I think when you do  
18 that selectively as you just did, it's  
19 clearly coaching.  
20 Let's move on.  
21 Q. On the first page of this memo,  
22 page 1, WB797, it says "Irene is alleged to be  
23 a close friend of Karen"; you see that?  
24 A. Which paragraph?  
25 Q. The first -- the fifth paragraph,

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2 A. Yes, I believe is.  
3 Q. Have you discussed this with Mr. --  
4 have you discussed this report with  
5 Mr. Hamersky?  
6 A. I think he sent it to me.  
7 Q. How did he send it to you?  
8 A. Possibly by e-mail.  
9 Q. Did you share it with others in the  
10 bank?  
11 A. Yes, I believe -- I think he  
12 probably sent it to others at the bank as  
13 well.  
14 Q. Who would that be?  
15 MR. YI: I'm going to instruct the  
16 witness not to speculate. If you  
17 know.  
18 A. I don't recall to whom he sent it  
19 to unless you show me the e-mail.  
20 MR. HARVEY: I'm going to ask your  
21 counsel not to coach the witness  
22 improperly as he just did. That was  
23 clearly coaching the witness to say  
24 that she didn't recall.  
25 Q. So do you know if he sent this, if

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2 center of the page, the paragraph that begins  
3 "The initial investigation," the third  
4 sentence from the back says "In addition,  
5 Irene is alleged to be a close friend of  
6 Karen"?  
7 A. Yes, I see it.  
8 Q. You read that of course when you  
9 received this memo, right?  
10 MR. YI: Objection to form.  
11 A. I received this memo, so I must  
12 have read it.  
13 Q. Did you suspect that Irene might  
14 have been involved in the embezzlement because  
15 she'd been a close friend of Karen's?  
16 A. Initially -- initially we were  
17 wondering who else may have been involved and  
18 Irene was one of the employees that we spoke  
19 with to determine whether she may have been  
20 involved, but I think we quickly concluded  
21 that she probably was not involved.  
22 Q. Why not?  
23 A. Because of her help in discovering  
24 the embezzlement and just her role at the  
25 bank, just the overall context of the

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 2 information she provided, we did not believe  
 3 about this time, that she was involved.  
 4 Q. Did you at any time believe she was  
 5 involved?  
 6 A. Like I said initially, we were  
 7 trying to determine how many people were  
 8 involved and who were involved, so she was in  
 9 that group of former BankAsiana employees that  
 10 we had questioned.  
 11 Q. If you turn to the next page,  
 12 there's a paragraph that begins with the words  
 13 "With the assistance of"?  
 14 A. Yes.  
 15 Q. And about nine lines down, there's  
 16 a sentence that the line begins with the words  
 17 "Also has an interest in the bank"?  
 18 A. Yes, I see that.  
 19 Q. And then it says -- makes a  
 20 reference to -- it says "Discussion with  
 21 Jennie Han, Human Resource Manager, revealed  
 22 that Karen was a former WB employee, acquired  
 23 in the Liberty Bank of New York merger in  
 24 2006. At that time, Karen left the Bank  
 25 through a maternity leave under a cloud of

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 2 in a bad sense, but that a lot of Koreans are  
 3 involved in, especially if they do business  
 4 and so there wasn't enough information to give  
 5 her any kind of notice, so that was Jennie's  
 6 recollection.  
 7 Q. And did she also tell you that was  
 8 her last day at the bank, Karen's last day at  
 9 the bank that that was discovered?  
 10 A. What I recall Jennie telling me is  
 11 that even though she couldn't be charged with  
 12 this teller shortage of ten thousand, but  
 13 because Wilshire Bank was acquiring Liberty  
 14 Bank branch at the time in connection with the  
 15 merger, Wilshire had a right to select which  
 16 employees to continue to hire basically,  
 17 because it was a branch acquisition, there was  
 18 no obligation to hire all employees of former  
 19 Liberty Bank, that Karen was not given an  
 20 opportunity to work for Wilshire Bank.  
 21 Q. Is that because Wilshire Bank  
 22 suspected Karen of possibly having been  
 23 involved in embezzlement?  
 24 A. Well, because she was one of the  
 25 potential suspects for the shortage and yes,

1 LISA PAI (7/13/17)  
 2 suspicion since she and/or her employees  
 3 allegedly had several cash shortages, of which  
 4 \$10,000 was the largest"; you see that?  
 5 A. Yes.  
 6 Q. Did you ever speak directly with  
 7 Jennie Han yourself?  
 8 A. Yes.  
 9 Q. Do you remember, did you discuss  
 10 this subject with her?  
 11 A. Yes.  
 12 Q. What did she tell you?  
 13 A. So she explained to me what she  
 14 knew about this incident and I think she told  
 15 me that the bank, Wilshire Bank at that time  
 16 didn't have enough information to actually  
 17 charge her of any embezzlement at that time.  
 18 The only thing that led to the suspicion was  
 19 because she had -- I think it was about \$4,000  
 20 of cash in her purse, when all of the tellers  
 21 were questioned and their purses and other  
 22 personal belongings inspected, but that Karen  
 23 had explained that her \$4,000 cash was from a  
 24 Korean Kae, K-A-E. It's a Korean sort of  
 25 personal loan scheme, not necessarily scheme

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 2 that the fact that we discovered, Wilshire  
 3 Bank discovered four thousand in her purse was  
 4 one of the factors that they used in not  
 5 making her an offer.  
 6 Q. So at the time that you received  
 7 this memo from Orest Hamersky and the memo is  
 8 dated February 5, 2014, you can see that on  
 9 the front page?  
 10 A. Yes.  
 11 Q. Did you receive it prior to that  
 12 date?  
 13 A. Did I receive this information  
 14 prior to that date?  
 15 Q. Yes.  
 16 A. I don't remember the specific day.  
 17 Q. Do you remember if you got e-mail  
 18 or other reports while this investigation was  
 19 being conducted?  
 20 MR. YI: Objection to form.  
 21 A. That I don't remember. This is one  
 22 of the background information about Karen.  
 23 Q. So you believed you would have  
 24 received this either on February 25th or  
 25 shortly thereafter?

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2 MR. YI: Objection to form; asked  
3 and answered.

4 A. Again I don't remember exactly what  
5 date I received this particular information  
6 during the investigation.

7 Q. In any event, you learned that  
8 Karen had been suspected of embezzlement while  
9 she was at Liberty Bank, correct?

10 MR. YI: Objection to form.

11 A. The only problem I have with that  
12 statement is being suspected of embezzlement,  
13 it sounds a bit strong, because yes, we found  
14 \$4,000 in her purse. The other employees  
15 didn't have that much cash, but \$4,000 is much  
16 shorter than \$10,000 that was short that day,  
17 so like I said, it was one of the factors that  
18 was -- that I heard that Wilshire used to  
19 decide to not make her an offer, so whether  
20 she was suspected of embezzlement, I don't  
21 know that I would be able to say that.

22 Q. Well, the memo says -- from  
23 Mr. Hamersky, refers to "cloud of suspicion";  
24 you see that?

25 A. Yes.

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2 Q. And then it says there were not  
3 just one, but several cash shortages of which  
4 \$10,000 was the largest, right?

5 A. Oh, I see that.

6 Q. This actual version of this report  
7 doesn't say anything about \$4,000 in her purse  
8 on the last day, does it?

9 A. No, but that's what I recall. I  
10 recall it wasn't ten thousand. I recall it  
11 was four thousand.

12 Q. Now, in this report from  
13 Mr. Hamersky ends well towards the end of it  
14 on page 4, page WB800, third paragraph, first  
15 sentence, says "In conclusion, the  
16 embezzlement was a well-conceived plan to  
17 defraud the bank, regardless of whether James  
18 was involved"; do you see that?

19 A. Yes, I see that.

20 Q. Would you agree with me that this  
21 report makes no conclusions about whether  
22 James Ryu was involved in the embezzlement?

23 A. He used the term "in conclusion,"  
24 but this was an internal audit report that  
25 started the investigation. It's not a

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2 conclusion of the investigation.

3 Q. Agreed.

4 A. So I think he means in conclusion  
5 of his memo.

6 Q. So this is a report or memo or a  
7 report, correct?

8 A. Yes, it's his report.

9 Q. So this report, we'll look at a  
10 later one, takes no position on whether James  
11 was involved in the embezzlement; is that  
12 correct?

13 A. Yes.

14 (Whereupon, at this time, a short  
15 break was taken.)

16 BY MR. HARVEY:

17 Q. I believe you just testified that  
18 the report that we looked at, the one that was  
19 marked as Ryu-12 does not reach any other --  
20 make any conclusion that James Ryu was  
21 involved in the embezzlement; is that correct?

22 A. Yes.

23 Q. Did Mr. Hamersky ever make such a  
24 conclusion?

25 A. I don't know that it was his role

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2 to make such conclusion.

3 Q. Do you understand the question; did  
4 he ever make such a conclusion?

5 A. I don't remember if he did. I mean  
6 he used terms like in conclusion quite a bit.

7 Q. Do you remember whether -- do you  
8 know whether Mr. Hamersky ever made a  
9 conclusion that James Ryu was involved in the  
10 embezzlement?

11 A. Like I said, I don't know that it  
12 was his role to make that kind of conclusion.  
13 His job was to help identify facts as an  
14 internal auditor and to help work with Alicia  
15 to review the transactions and make sure that  
16 it made sense that we come up with correct  
17 amount of loss which changed from the initial  
18 amount and because he originally thought that  
19 some of the accounts, some of the transactions  
20 should be included, but then he later thought  
21 that they should not be.

22 Q. So he did not make such a  
23 conclusion therefore?

24 MR. YI: Objection to form.

25 Q. Right, he did not include --

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MR. YI: Asked and answered.

Q. -- a conclusion about whether James Ryu was involved in the embezzlement apparently because it wasn't his role to make such a conclusion, correct?

A. I don't recall if he made those conclusions from his perspective.

Q. So he may have, he may not have, you just don't know?

A. That's right. If you show me some documents, then maybe I can answer your questions.

Q. Well, we -- okay. We'll look at the next one. I'm just asking right now just off the top of your head, he clearly didn't make the conclusion in here, you don't know whether he made the conclusion either in another document or in any other context, correct?

MR. YI: Objection to form.

A. Correct.

Q. Do you know whether anyone else made that conclusion?

A. No. Like I said, our investigation

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is still pending. We're still in discovery, so we're not in a position to make a final conclusion.

Q. About whether James was involved in the embezzlement; is that correct?

A. That's right.

Q. Did anybody make any preliminary conclusions prior to filing the lawsuit?

MR. YI: Objection to form.

A. Prior to filing the lawsuit, yes, we definitely had high suspicion that he was involved. He was implicated by Karen.

Q. Well, you filed a lawsuit in federal court saying that he did it, that he was involved, correct; you, the bank?

A. Yes, we filed a complaint.

Q. And that complaint said he did it, right?

A. That we believed he did it, yes.

Q. It didn't say we believe he did it; it said he did it?

MR. YI: Objection to form.

Q. It said he conspired, participated and was part of the embezzlement, right?

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MR. YI: Objection to form.

A. Okay. I mean I think the complaint speaks for itself.

Q. Well....

MR. HARVEY: Please mark this.

(Ryu Exhibit 18, Complaint was marked for identification, as of this date.)

BY MR. HARVEY:

Q. Ms. Pai, the court reporter handed you what's been marked as Ryu-18. It is a 35-page document and you can see that it appears to be the Complaint that Wilshire Bank filed against Mr. Ryu, Ms. Chon and others, March the 19th, 2014?

A. Yes.

Q. You reviewed this before it was filed, correct?

A. Yes.

Q. And if you look at paragraph 20, on page 4, I don't need you to read it aloud, as you say, it speaks for itself, but here it's clearly saying that the bank discovered that Ryu conspired and engaged in a fraudulent

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scheme and aided and abetted Chon in the removal of sums of cash from the vault in the concealment of such theft, among other things, that's what it says, right?

A. Yes.

MR. YI: Objection to form.

Q. Now, prior to making that accusation, did the bank reach a conclusion that he had, in fact, done that?

A. Yes.

Q. And who at the bank reached that conclusion?

A. I among others, yes.

Q. Who were the others?

A. Everyone that was -- let me take that back. The senior management that was involved in this investigation.

Q. And who was that other than you?

A. Alicia Lee and, well, Elaine Jeon and myself were senior management. Alicia is not necessarily.

Q. So you and Elaine Jeon made the conclusion that he had done that as alleged in paragraph 20 and elsewhere?



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 2 A. Yes, I guess we could say that.  
 3 Q. Was there anybody else that reached  
 4 that conclusion?  
 5 A. Well, I think we reported it to  
 6 Mr. Yoo, but it was primarily my job to gather  
 7 all of the information we had received by then  
 8 and discuss it with our outside counsel.  
 9 Q. Okay. And in terms of internal  
 10 reports on this subject, is there anything  
 11 other than the reports of Mr. Hamersky's  
 12 reports on the evidence that you had gathered?  
 13 A. Written reports?  
 14 MR. YI: Objection to form.  
 15 Q. Yes.  
 16 A. Other than various e-mails, no, I  
 17 can't recall a written report.  
 18 Q. So you can't recall any written  
 19 reports other than Mr. Hamersky's reports, am  
 20 I correct?  
 21 MR. YI: Objection to form.  
 22 A. Yes.  
 23 Q. Did anyone participate in the  
 24 investigation with you other than Ms. Jeon?  
 25 A. So for the transaction review, it

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 2 was Orest and Alicia. For interviewing  
 3 various employees, it was myself and outside  
 4 counsel. And for reviewing computer content,  
 5 it was outside consultant CLA. I think that  
 6 was pretty much the groups that were involved  
 7 in the initial investigations.  
 8 Q. So you said CLA was responsible for  
 9 the computers, correct?  
 10 A. Review.  
 11 Q. You and Mr. Yoo were responsible  
 12 for interviewing the witnesses, correct?  
 13 A. Yes.  
 14 Q. Alicia was responsible for what?  
 15 A. For reviewing transactions,  
 16 customer transactions.  
 17 Q. And that was with Hamersky?  
 18 A. With Hamersky. And I guess they  
 19 would have interviewed employees for the  
 20 purpose of trying to understand the  
 21 transactions.  
 22 Q. Was there anyone else involved in  
 23 the investigation other than the people you  
 24 just mentioned? I mean obviously they  
 25 interviewed people. I'm not referring to the

1 LISA PAI (7/13/17)  
 2 people that they interviewed, but the people  
 3 assisting you in this investigation?  
 4 A. That's all I can recall right now.  
 5 Q. And did CLA ever prepare a report  
 6 for you?  
 7 A. No, we had discussions about some  
 8 of their findings, but not a final kind of  
 9 report in written form.  
 10 Q. Which witnesses did you interview?  
 11 A. So I interviewed Karen Chon, James  
 12 Ryu, Irene, Irene Lee, Jessica Lee. I think I  
 13 spoke with Eunmoo Choi. Did I say Bo-Young  
 14 Lee? And I spoke with former CFO Frank  
 15 Gleason. That's what I recall right now.  
 16 Q. Did you make notes during these  
 17 meetings, these interviews?  
 18 A. Some of them I did, yes.  
 19 Q. Have those been produced?  
 20 A. I believe so.  
 21 Q. Okay. Now you can put that down  
 22 for just a second, the document we just looked  
 23 at, and I'd like you now to take a look at  
 24 what's been marked as Ryu-13.  
 25 Now, please take a moment to take a

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 2 look at this document, which has the Bates No.  
 3 WB810 through '817. My first question is  
 4 going to be do you recognize it?  
 5 A. Yes.  
 6 Q. And what is it?  
 7 A. It's an updated internal audit  
 8 report by Orest Hamersky dated March 28, 2014.  
 9 Q. And you received it sometime after  
 10 that date you believe?  
 11 A. Yes.  
 12 Q. And can you tell me whether  
 13 Mr. Hamersky reaches any conclusion in here  
 14 about James' involvement and I'm going to  
 15 refer you to page 7, WB816, beginning of the  
 16 -- it's the paragraph that begins with the  
 17 words "in conclusion"?  
 18 A. I don't see a mention of James  
 19 Ryu's name on this paragraph. Oh, he does  
 20 mention his name in the last sentence on  
 21 page 7, that states information from JPMorgan  
 22 Chase account should be interesting since the  
 23 following parties deposited and/or wrote  
 24 significant checks drawn on that bank and that  
 25 includes James as well as Karen.

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Q. I see that.

A. I don't seem to find any other reference to James in this paragraph.

Q. Would you agree with me that it doesn't reach any conclusion, not in this report, Mr. Hamersky doesn't reach any conclusion about Mr. Ryu's involvement?

A. That's right.

Q. And if you would look, you'll see that this paragraph is not the same as, but it's clearly based upon corresponding paragraph in the prior report by Mr. Hamersky, which is Ryu-12, the one that begins as well "in conclusion"; do you see that?

A. Yes.

Q. So if you look at page 4 of Ryu-12 and compare it to page 7 of Ryu-13, you'll see that in Ryu-12, it says "In conclusion, the embezzlement was a well-conceived plan to defraud the bank regardless of whether James was involved" and that corresponding paragraph in Ryu-13 says, "In conclusion, that embezzlement was a well-conceived plan to defraud the bank performed by the operations

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officer"; do you see that?

A. Yes, I see that.

Q. Did you understand Mr. Hamersky was reporting to you that he didn't have any evidence that James Ryu was involved in the embezzlement?

MR. YI: Objection to form.

A. You mean because of those two sentences?

Q. Yes.

A. Oh, no, not at all. I had asked him to look into -- between the first version and the second version, I had asked him to look into the CLO Riverside loan that I suspected that James may have been involved in, because that's the loan that Michael Kim was involved in and that's the fraudulent loan that Michael Kim was involved in and in terms of timing, that occurred right at the end of year 2010 and year 2010 is when James was having a lot of financial difficulties and you know, loans take a while to book, so this loan would have started, I don't know, two, three months, possibly even longer before, so

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towards the end of the year 2010.

So basically I wanted Orest to kind of expand transaction review into these loans and not just the deposit accounts that Karen had manipulated. So maybe that's why he took out that reference to regardless of whether James was involved, because he's listing here James as one of the persons that we need to look further into.

Q. Does he say that?

MR. YI: Objection to form.

A. No, I'm just explaining my understanding of the difference of two sentences, difference in the two sentences, and I'm trying to answer why I don't think that means -- the difference means that Orest concluded that James was not involved.

Q. Okay. Did you ever talk with Mr. Hamersky in which he told you that he thought James was involved?

A. I'm sorry, can you repeat that question.

Q. Did Mr. Hamersky ever tell you that he thought James was involved in the

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embezzlement?

A. You know, I don't -- that wasn't his role. His role was to investigate transactions and provide facts so that we can -- so that I can discuss them with outside counsel, whether from time to time, he leads to certain conclusions, that's something I may consider, but he doesn't have that role, but did I ask him to look into the loans because that's what he's good at looking at, transactions, and looking at the details and showing us, you know, the details of that might be helpful in our investigation.

Q. So to be clear, he never told you -- but we don't need to go through this, we did this earlier. I had forgotten. I had asked you that question. Previously we agreed Mr. Hamersky never told you that because you said that wasn't his role, so moving on.

MR. YI: Objection to form.

Q. Do you -- did they ever -- did they ever get to the bottom of those loans?

MR. YI: Objection to form.

A. So we did find -- I did find more



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information, whether it came from Orest or other persons, I don't recall. I think they -- he did find some additional information that was helpful to me regarding Clear Riverside loan and the fact that there were forgeries. I think he's the one that helped discover that, that there were forgeries by bank employees, potentially forgeries by bank employees in getting that loan approved.

Q. Who were those bank employees who engaged in forgeries?

A. Well, we're not at --

MR. YI: Objection to form.

A. I think we're not at a point in our investigation for me to be able to answer that to you specifically, but we're in the process of discovery.

Q. Do you know, do you have suspicions as to who they were?

A. Well, I think that James may have been involved because of the timing of the loan, because of the fact that Michael Kim had given him a personal loan just before, I think within six months of this loan being booked

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and I think some of the transactions were loan transactions, were posted subsequently by I think both Karen and former CFO, I forget his name.

Q. Frank Gleason?

A. Frank Gleason, which appear to be unusual to me that they would be posting principal paydowns or loan payments by this borrower, that's out of the ordinary and because those two are employees that James was involved in either through the embezzlement or who was giving -- doing personal favors for James, that's....

Q. So to be clear, you think -- you believe that there was some forgeries by some bank employees and some of those forgeries may have involved James, right?

MR. YI: Objection to form.

A. May have, yes.

Q. Do you have the documents on that somewhere in your possession such as your office or your computer?

A. We're still conducting discovery, but....

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Q. Who's conducting the discovery?

A. Well, I think a lot of it will have been done through future depositions of Michael Kim and possibly other employees that were involved in that loan.

Q. Are you referring to depositions in this case?

A. Sure.

Q. Have you produced any documents on this? Has the bank produced any documents about this?

MR. YI: Objection to form.

A. I don't recall. Well, this document refers to Clear Riverside loan as being one of the suspicious transactions, so this is one document that refers to it.

Q. So there were some -- you believe there were some forged transactions; how many of these transactions were there?

MR. YI: Objection to form.

A. My recollection is Clear Riverside and Michael Kim. Michael Kim was one of the principals of Clear Riverside. He had multiple entities who had multiple loans from

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the bank and the largest loan, SBA loan in excess of a million dollars was obtained fraudulently because the down payment for the purchase, the supposed down payment from the purchase was not actually made, but the down payment was documented as having been made out of deposit account that was at BankAsiana.

So the bank was in a position to know and verify whether or not that down payment was made, but they did not and I suspect that the bank knew that it was not made, but documented as if it was made, so that they can get this loan booked and eventually when the loan went into default, we were unable to get the SBA, U.S. SBA to pay the guarantee portions.

So the bank, Wilshire Bank incurred additional losses and that's something that after further discovery, we may potentially increase damages.

Q. What was the amount of the loss?

A. I think almost the full amount was charged off.

Q. A million dollars?

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A. Yes.

Q. And the -- when was that loan taken out?

A. My recollection is around December 2010.

Q. What was the amount of the down payment that was not made?

A. That I don't recall.

Q. Do you have the documentation on this in your office?

A. I think the special assets department probably has the loan files on that loan.

Q. You're working with outside counsel, Mr. Yi, on this matter, on this subject?

A. Well, it was included. It was a transaction that I had asked Orest to look into initially and actually it's one of the -- one of the transactions that we need to look further into. I think we got sidetracked a little bit because Michael Kim filed bankruptcy and so on and so forth, so -- and that part, our outside counsel on this case

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was not involved in.

Q. Do you have onsite counsel engaged in that?

A. In the collection matter against Michael Kim?

Q. Yes.

A. Yes.

Q. Who is that?

A. I don't recall his name.

Q. Who's the person most knowledgeable at the bank about this alleged transaction with Cleo and forged signatures?

MR. YI: Objection to form.

A. Probably someone in the special assets.

Q. Do you know who that would be?

A. Because we had mergers since this, I'd have to go back and figure out who that is.

Q. Who's in charge of special assets?

A. Currently, Andrew Park, but he is from former BBCN Bank, so he would not have been involved and may not know about this transaction.

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Q. Have you interviewed any former BankAsiana employees about this?

A. I'm sorry, ask that again.

Q. Have you interviewed any former BankAsiana employees about this?

A. I may have asked questions about Michael Kim to some of the people I interviewed. I don't recall if I asked Karen Chon or James Ryu. I don't recall at this time.

Q. How many -- is there anyone other than James Ryu that you believe or suspect was involved in forgeries?

A. With respect to this loan?

Q. Yes.

A. Yes, the loans from -- processed by loan officers and possibly approved by management and/or directors, loan committee, but I don't -- I don't suspect the management or loan, you know, directors, loan committee members. It's possible that some of the loan officers may have been involved, but a lot of times they're just doing underwriting and they don't really know the principals behind these

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businesses or loans. Right now, my suspicion is James Ryu, because he had that personal lending relationship with Michael Kim.

Q. Anyone else you suspect?

A. Not at this time. I think I told you about some of the transactions being posted by Karen as well as Frank Gleason, so those are the two people that may or may not have been involved in the fraud, but may have been told by James to post certain transactions so.

Q. How many forgeries were there?

A. Well, one. I'm just referring to the large SBA loan when I mentioned forgery.

Q. And was there one signature on there that was forged, multiple signatures that were forged; do you know?

A. It's not a signature forgery like in a check deposit context. When I mean a forgery, I mean they basically lied about the down payment being made and may have inflated the purchase price, so they, being the borrower and/or whoever is inside at the bank, knowledgeable about the borrower.

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Q. I see. So the forgery wasn't a signature; it was false information about the amount of the down payment?

A. Yes, fraudulent loan might be a better description.

Q. So what was the amount of the purported amount of the down payment?

A. I don't recall.

Q. And was there -- and so the loan was taken upon the pretext that a down payment had been made and that down payment will not been made and someone in the bank, specifically Mr. Ryu you believe knew that; do I understand correctly?

A. Yes.

Q. Is there anything else to that transaction? I think I summarized what would be wrong with that; is there something else that was done that was wrong that you believe other than what you just described?

A. Yes. What I recall is the loan that was made, the SBA loan that was fraudulently obtained from the bank was used to pay off another existing loan under which

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Michael Kim was obligated to the bank and possibly others at the bank, that were -- that had invested in the original business so.

Q. What business?

A. So the loan was obtained to purchase a business. I think it was a large hair salon, kind of high end hair salon business and my vague recollection is that the original loan, original business -- the business that was being sold to a new group, supposedly being sold to a new group wasn't necessarily generating enough business to be able to be sold for such a larger amount, but I think it was fraudulently set up, this purchase, kind of a bogus purchase was set up in order to get a larger loan from the bank to pay off original loans, so that Michael Kim, among others, could be -- could recoup the original investment and later the loss was borne by BankAsiana, which was acquired by Wilshire Bank.

Q. If I understand correctly then, the loan that you talked about earlier that was an SBA loan, that was where there was -- down

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payment wasn't made, right, that loan was used to pay off another loan, correct?

A. Yes.

Q. And the amount of -- are you saying that the amount of the loan, the SBA loan, the one forged, that there was no proper down payment, that the amount of the loan was inflated?

A. Yes, that would be part of the fraudulent scheme.

Q. Right. And that it was inflated because the business, the loan for which it was being paid, used to payoff the business underlying that was the cash, the bill to generate revenue was being inflated?

A. Right.

Q. And was there anything else improper or allegedly improper about that other than that those two aspects of it, that it was being used to payoff another debt, that it was improperly inflated and that the down payment wasn't actually made?

MR. YI: Objection to form.

A. Right, and then the other unusual

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aspects were Karen posting some of the loan payments and Frank Gleason posting some of the loan payments and I think James Ryu also may have made some of the loan payments.

Q. Why would that be unusual?

A. Because loan payments are normally posted through the note department or loan officers or branch managers that make the loan, not head office or James and Frank being head office people or operations officer. These involved with deposits, not with the loan side.

Q. Is there anything else that's allegedly improper about this other than the amounts of the deposit that James, Karen and Frank Gleason posted payments that the amount of the down payment was not made and that the -- it was -- being that the purpose for which it was being used was being inflated?

MR. YI: Objection to form.

A. Right, and then the fact that James had a prior relationship with Michael Kim lending -- personal lending relationship.

Q. And through one call to the head of

1 LISA PAI (7/13/17)  
2 special assets, you could figure out who would  
3 be the person who would be the most  
4 knowledgeable about this particular  
5 transaction; isn't that right?

6 MR. YI: Objection to form.

7 A. Yes.

8 (Ryu Exhibit 19, Plaintiff  
9 Wilshire Bank's Responses and  
10 Objections to Defendant Suk Joon Ryu's  
11 Fourth Set of Interrogatories was  
12 marked for identification, as of this  
13 date.)

14 BY MR. HARVEY:

15 Q. Have you had a chance to look at  
16 this Ryu-19?

17 A. Yes.

18 Q. It's Wilshire Bank's Responses to  
19 Defendant's Fourth Set of Interrogatories and  
20 it was served on or about May the 12, 2016;  
21 you see that?

22 A. Yes.

23 Q. And have you ever seen it before?

24 A. I believe so.

25 Q. And can you please look at the

1 LISA PAI (7/13/17)

2 response to interrogatory No. 3?

3 A. Yes.

4 Q. Now, that interrogatory asked for  
5 the factual basis for the allegation in  
6 paragraph 20 that we looked at just a few  
7 minutes ago; do you remember looking at  
8 paragraph 20 a few minutes ago?

9 A. Yes.

10 Q. And would you -- I mean obviously  
11 this says that the Wilshire Bank's basis for  
12 that allegation was Karen Chon's statements,  
13 right?

14 A. Yes.

15 Q. So in other words, the time that  
16 the bank filed a Complaint, the evidence that  
17 it had that James Ryu was engaged in these  
18 acts, this conspiring with Chon to perpetrate  
19 the embezzlement and aiding and abetting her  
20 was the fact that she had actually said that  
21 he had participated with her, right?

22 A. That's right.

23 Q. And the bank had no other -- what  
24 I'll call direct evidence, in other words, we  
25 talked earlier about a broad -- you said

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2 there's evidence about why he may have done  
3 it, there's no other evidence that he actually  
4 did do it other than Karen Chon's word?

5 MR. YI: Objection to form.

6 A. Okay.

7 Q. Right? You understand that right?

8 A. I know we had some discussions  
9 about direct evidence, yeah, so with the --  
10 with my understanding of what you mean by  
11 direct evidence, yes.

12 Q. Let's be real clear about this, so  
13 there's no misunderstanding. We earlier had a  
14 long discussion, if you will, about evidence  
15 proof and we came to the, I think,  
16 acknowledgment by you as the witness here that  
17 you had evidence that James Ryu had financial  
18 problems and had done certain things in the  
19 past, which made you suspicious of him as a  
20 person, but the evidence that you had that he  
21 was actually involved in the embezzlement,  
22 actually engaged in this embezzlement was  
23 limited to the word of Karen Chon that he  
24 did --

25 MR. YI: Objection to form.

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2 A. Right. Her statements and my  
3 interview of her and my interview of James Ryu  
4 and others, between the time we found out  
5 about the embezzlement and the time we filed  
6 the Complaint.

7 Q. So essentially as for what we're  
8 calling direct evidence here, it was the word  
9 of Karen Chon, right?

10 A. Primarily, yes.

11 Q. Well, primarily, is there anything  
12 else, direct evidence that he engaged in the  
13 embezzlement as opposed to evidence that he  
14 may have had a motive to do so?

15 MR. YI: Objection to form.

16 Q. Was there anything else?

17 A. Well, her explanation to me of what  
18 happened and his statements or the impressions  
19 that I received when I spoke with him, yes.

20 Q. What was it that he said to you  
21 that -- did he say something to you that you  
22 thought suggested that he had engaged in this?

23 A. Well, I mean what he said was he  
24 denied it of course, but his body language I  
25 felt was not reflective of somebody that would

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have been really innocent. He seemed very jittery and, you know, that was the first, that was the impression I got. He seemed to me like he was lying and she seemed to me like she was telling the truth, because -- and just based on my discussions with other employees, he was always very -- he was No. 2 person at the bank and very intimidating, would yell at employees, so they -- some of the employees thought that he would be the last person that she would implicate unless she really -- unless that's really what happened because of course, I'm, you know, interviewing the two people and interviewing other employees, I have to think about who do I believe, because it's he said versus she said or she said versus he said. But based on his role at the bank and then his position also and the amount that was supposedly taken. Based on all that, I thought she was much more believable than he was.

Q. Okay. So you believed her and not him obviously?

A. Yes.

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Q. And did you consult with anyone else as to that decision about who to believe, him or her?

A. I think I discussed it with our outside counsel.

Q. Did you discuss it with anyone else?

A. Yes. Like I said, I asked some employees whether they thought what they thought about her implicating James Ryu and probably discussed it with senior officers at Wilshire Bank about my conclusions.

Q. So just -- so one of the things -- reasons you believed her, not him, was because of James' body language when you talked to him, right?

MR. YI: Objection to form.

A. That's one the factors, sure.

Q. And then you also asked employees what they thought about her implementing him, right, that was another factor that convinced you to believe her, not him, correct?

MR. YI: Objection to form.

I think you meant implicate.

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MR. HARVEY: I'm sorry, I meant to say implicate. Let me ask it again.

Q. Another factor other than body language was based on your interviews of employees about what they thought about her implication of James Ryu, correct?

A. Correct.

Q. And then a third one, you say you may have discussed it with senior bank officers, right?

A. Sure.

Q. And then finally, if I might summarize his role at the bank and background and that type of information, that also led you to believe her and not him, right?

MR. YI: Objection to form.

A. That's right. I basically concluded that based on all of that information and based on my discussions with other employees, that unless it was true, he would be the last person that she would implicate because she was basically intimidated by him and he was far superior position at the bank.

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Q. So I just wanted to make sure I had a complete list of the things that you had focused on in your decision to believe her and not him; is there anything else? Did I miss -- was there anything else that convinced you that it was her, not him, other than the things I just listed which is the summary of what you previously told me?

MR. YI: Objection to form.

I think she's spent a great deal of time earlier talking about all the different things.

A. Yes, and only --

Q. Let's be clear, I'm not interested -- you previously had said all kinds of information you had about why he may have done it. So would it be fair to say then to add to this list, you had some concerns he might have had a motive to do it because he had financial difficulties and he had a lending relationship with Michael Kim and all the things essentially would be, if you'd agree with me, evidence of motive?

MR. YI: Objection to form.



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Q. Do I understand correctly?

A. Yes, and the only thing I would add is, you know, it's been a long time, so if you're saying are those the only things that led to my conclusion, to the best of my recollection now.

Q. Of course, understandable.

So let's just -- let's talk about the body language. You interviewed James Ryu how many times?

A. I think I meet with him once.

Q. And can you tell me everything you can recall about that interview?

MR. YI: Objection to form.

A. I think I was in that meeting with our outside counsel, my recollection, like I said earlier, he was very jittery and basically said that she had acted alone, that he was not involved, but said something like he might help her financially to pay back the bank if she tells the truth and clears up his name or something to that effect. Which I thought was kind of odd coming from somebody who claims to be falsely accused of being

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involved in a very large embezzlement. But he said that he kind of felt sorry for her and that's how he explained why he would even consider helping her financially to repay the bank and he claimed that she had tried to contact him and that they had met I think once or twice and that he had made a recording of some statement that Karen had made that clears up his role that he was not involved.

But we had also heard Karen's version of that meeting or meeting or conversation with James and of course, she -- her perspective was very different.

Q. In deciding to accept her word, did you consider that she may have embezzled on a prior occasion?

A. I think when I spoke with her, when I met with her initially, I'm trying to recall the timeline, I'm not sure if I was aware of that at that time or if I discovered it subsequently, but at least even if it was subsequently, I think her prior suspicions or cloud of suspicions as Orest would put it was at a much smaller dollar amount and I think

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she herself said that James had discovered that she was involved in manipulating accounts, but it was her husband's partners' account and it was her sister-in-law's account, so she kept it at a family or close level as opposed to touching just some random customer accounts. And so I think there were significant differences.

And my focus was would she embezzle up to 1.2, 1.4, \$1.6 million by herself in her position as a branch operations officer, that and -- that was kind of the way I asked other employees as well because they knew her better and they knew James and my conclusion was that even with some past cloud of suspicion and possibly a smaller amount incident involving smaller amounts, that she would not be able to, you know, do this type of embezzlement on her own.

Q. So you do know that she has testified that she embezzled the entire amount on her own and claimed that she gave some of it to James Ryu; you know that?

MR. YI: Objection to form.

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A. Yes, she told me that she felt coerced and because James had something on her, that she was afraid of James using that information and so it was -- she felt she was blackmailed basically and that she had no choice, but to keep giving him money. That he started out asking for smaller amounts and then eventually the amounts grew and it never stopped, so I think she actually was relieved to confess finally because she was living with it, you know.

Q. So you found her sympathetic?

A. No, not necessarily. I didn't really sympathize with her obviously, but having met with her and spoken with her and hearing about her, I felt that it was much more likely that James would have been involved. James really knew operations very well. He knew BSA very well. He some -- so she was much more believable and I didn't actually -- there were a couple other things, now I remember, that also helped me lead to my conclusion. And again, the timing of it is unclear in my mind now, the exact timing of

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it, but her branch did not have a normal branch manager and I actually was asking her about that because she pretty much had authority that a typical branch manager would have. She didn't have a superior at that branch. She pretty much ran the show at that branch and I thought that was suspicious because James is involved. His role is to hire branch managers and to transfer them as he sees fit and I understood that the branch manager at that branch was, I think, let go, that I'm not sure about, but he never replaced him or her.

And the other thing that I thought was suspicious is at the headquarters, someone is in charge of overseeing all the branch deposit operations and that someone was Jessica. She was told to me that she was very experienced in operations, that James would have relied on to oversee all of the bank's deposit operations, but she also either was let go or felt that she had to leave.

I understood that she had a very difficult relationship with James and when

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somebody that's in charge of deposit operations from the headquarters leaves, normally the COO would replace them because you know, you need to oversee branch officers, especially someone like Karen, but she was not replaced and Irene told me that she had to kind of fill in that role and she said she had no idea what she was doing. She didn't understand branch operations. Irene was James' personal assistant, so I thought that was kind of also telling.

And when I spoke with Jessica, she told me that when she started at BankAsiana and noticed that Karen Chon was working there, she immediately told James Ryu and Mr. Hur that Karen had some prior history of cloud of suspicion, I guess somehow she had that information. Oh, I think because maybe Jessica had previously worked at Wilshire Bank also, so she told them, but they just did not want to do anything about Karen. So that was another factor that I thought was suspicion and really supports the, you know -- my overall conclusion that James must have been

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was involved, right, because it would make sense.

He really understands bank operations. He's -- like I said, was in charge of a lot of different areas and by keeping the branch pretty much, you know, open for Karen to do whatever she wanted which she did and then no one to oversee and challenge deposit operations at the branch level and he had -- he was the one decision-maker that could have replaced those roles. I think he intentionally kept them vacant while the bank is being sold. So all of that really supports my conclusion.

Q. Right. Okay. So among the facts that -- so.

When did you make your final decision that in your mind you were going to accept Karen's word and not James?

A. Well, by the time we filed the Complaint, I pretty much concluded he was involved and as we were gathering more information and we're still gathering information, more and more information, it's

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like putting pieces of the puzzle together and we're starting to see more and more of the picture of his involvement.

Q. And today you're still convinced that you were right to accept Karen's word?

A. Yes, I believe so.

(Whereupon, at this time, a lunch break was taken.)



LISA PAI (7/13/17)  
AFTERNOON SESSION

(Time noted: 2:31 p.m.)

(Whereupon, the referred to  
testimony was read back by the  
Reporter.)

LISA PAI, resumed and testified as  
follows:

EXAMINATION BY (Cont'd.)

MR. HARVEY:

Q. Earlier in this deposition I asked  
you whether the bank had made -- I believe I  
used the word determination that James Ryu had  
engaged with Karen Chon in this embezzlement  
and you said that you -- that it hadn't made a  
final determination yet; do you recall that?

A. Yes.

Q. Can you explain why if the bank  
hadn't made a final determination at the time  
it filed the Complaint, why it filed the  
Complaint?

A. So I think I didn't really  
understand, fully understand what you mean by

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determination. You know, if you mean did you  
make a determination before you filed a  
Complaint, yes, we did. I think what I'm  
referring to when I say final determination  
is, you know, sufficient evidence to prove at  
trial, so that's kind of what I'm referring  
to.

Q. Does that mean you had enough --  
you thought you had enough to go forward with  
the Complaint, but you didn't know for sure  
whether you were going to win or not?

A. Well, I thought we had enough to go  
forward with the Complaint and through  
investigation through discovery. We hoped to  
bolster the evidence or gather enough evidence  
to be able to win, yes.

Q. To your knowledge, have you  
gathered that evidence in discovery?

A. We are still gathering and we have  
more now than when we first started, yes.

Q. What more now do you have since you  
first started?

A. Better understanding, pretty much  
all the stuff I've been discussing with you.

LISA PAI (7/13/17)

Q. Did you tell anyone -- did you tell  
Jae Whan Yoo that you were going to file the  
Complaint against James Ryu?

A. Yes, I believe I did.

Q. Did he approve? What was his role  
in that decision?

A. Yes. Well, he -- we don't go  
through approval kind of consent, type of  
process, but yes, he agreed that we should  
file the Complaint.

Q. Did he say why he agreed that you  
should file the Complaint?

A. Based on my discussions with him at  
the time of what we knew so far.

Q. And did they know that the only  
thing that you had that was direct was Karen's  
word?

MR. YI: Objection to form.

A. I don't know that I discussed it  
like you said. He knew that the primary  
evidence we have is Karen's confession and I  
discussed all the other information we were  
able to gather by then.

Q. Did you think that you'd be able to

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recover any significant judgment against James  
Ryu?

A. Yes, I hoped that we would be able  
to recover a significant judgment against Ryu  
to the extent that he was involved.

Q. Did you think he had the money to  
pay a big judgment?

A. Are you asking at the time of the  
Complaint?

Q. Yes.

A. I didn't know whether he did or not  
at that time. I would have -- I think we  
thought he may have some of the proceeds or  
whether he had used it up, I don't know.

Q. Did you think about repercussions  
on him if the allegation turned out to be  
incorrect?

A. I'm sure we thought about it.

Q. It's a very serious allegation,  
right, somebody engaged in embezzlement when  
they're an officer of a bank; you'd agree  
that's a --

A. Absolutely.

Q. Would you expect that if such an

1 LISA PAI (7/13/17)  
2 allegation was made against you, you would  
3 never again work in the banking or any other  
4 industry that required respect or trust?

5 MR. YI: Objection to form.

6 A. If I had been involved in an  
7 embezzlement like that, then I shouldn't  
8 expect to work in banking ever.

9 Q. If an allegation was wrongly made  
10 against a bank officer that they engaged in  
11 embezzlement, they would never -- they really  
12 would never work again in the industry; do you  
13 understand that to be the case?

14 MR. YI: Objection as to form;  
15 calls for speculation.

16 A. I don't know how to answer that.

17 Q. Would you ever encourage -- would  
18 you ever permit the bank to hire somebody who  
19 had been accused of a major embezzlement at  
20 another bank?

21 A. Ask that question again, I'm sorry.

22 Q. You're head of HR for the bank,  
23 would you permit the bank to hire somebody for  
24 a senior position or any position who had been  
25 accused of a major embezzlement at another

1 LISA PAI (7/13/17)  
2 bank?

3 A. I think each case has to be looked  
4 at separately. I don't know that I can make a  
5 blanket statement like that.

6 Q. So you might, you might tell the  
7 bank it's okay to hire somebody who had been  
8 accused of a serious embezzlement at another  
9 bank; is that right?

10 MR. YI: Objection to form; again  
11 calls for speculation.

12 A. Yeah, I mean, like I said, I'd have  
13 to look at each case and the facts and  
14 circumstances and I would take their  
15 statements and try to understand all of that.  
16 If it was just an accusation as opposed to,  
17 you know, anything further.

18 Q. Let's just say a lawsuit was filed  
19 against them, based on that lawsuit by a major  
20 bank, would you -- you can imagine a  
21 circumstance under which you would tell the  
22 bank I advise you to hire this person?

23 MR. YI: Objection to form.

24 A. Would I imagine a circumstance? I  
25 mean each case is different. I really can't

1 LISA PAI (7/13/17)  
2 say yes or no.

3 Q. So there's some -- so there are  
4 some circumstances under which you think you  
5 might tell the bank to hire somebody who was  
6 accused, who was sued by a major bank for  
7 embezzlement, there's some circumstances under  
8 which you would say to a bank, go ahead, hire  
9 that person?

10 MR. YI: Objection to form.

11 A. Well, HR is a very complicated  
12 field and there are information that we are  
13 allowed to consider and then there are  
14 information that we're not allowed to consider  
15 and so for example, you know, someone files  
16 bankruptcy, we're not allowed to consider that  
17 even though we are allowed to look at credit  
18 reports and so I would have to look at each  
19 case very carefully and if it's just an  
20 accusation, I would have to look into the  
21 facts and make a decision, not just rely only  
22 on the fact that they've been accused. I  
23 would be very careful about doing that.

24 Q. You said that you, in deciding to  
25 accept Karen Chon's word, you decided that she

1 LISA PAI (7/13/17)  
2 couldn't have done an embezzlement of this  
3 magnitude without James Ryu; did I understand  
4 what you said correctly?

5 MR. YI: Objection to form.

6 A. More or less, I think that's what I  
7 said.

8 Q. Now you knew that she -- as we  
9 discussed earlier, that she had been suspected  
10 of embezzlement at Liberty Bank, right?

11 A. She was one of the employees that  
12 was investigated because of a teller shortage,  
13 yes.

14 Q. Did you -- in deciding whether to  
15 accept her word over James' word, did you  
16 essentially assume that she had been guilty of  
17 that prior embezzlement or did you say I can't  
18 make that -- in analyzing that, did you assume  
19 that she probably had done that or did you say  
20 well, she may -- she may not have done that as  
21 I analyzed the facts?

22 MR. YI: Objection to form.

23 A. I'm sorry, can you repeat that  
24 question?

25 Q. Yes. In making your decision to

LISA PAI (7/13/17)  
 accept Karen's word over James' word, you obviously considered the fact that she had been suspected of embezzlement at a prior bank, right?

MR. YI: Objection to form.

A. As to timing, I mean, like I said, I don't remember exactly when each piece of information came to, you know, be known to me, but I looked at the overall set of information rather than one particular one so.

Q. Sure. But you knew prior to filing the Complaint that she had been suspected, the cloud of suspicion, you knew about that prior to the filing of the Complaint, correct?

A. Well, I don't have a present recollection, but if that's what the documents show, then I will concede to that.

Q. Sure. You can see that the Complaint which we looked at was dated May the 19th, 2014, right, and the second report which we looked at, which is Ryu-13 was dated March; was -- the first report was dated February 25, 2014, right?

A. Yes.

LISA PAI (7/13/17)

Q. So therefore it's obvious that you did know about Karen's suspected involvement in embezzlement at Liberty Bank at the time you filed -- authorized the filing of the Complaint, correct?

A. Yes.

MR. YI: Objection to form.

Q. And did you make a determination in your own mind that she had done it or had she not done it or did you say we'll -- I really didn't know if she did it or not at Liberty Bank in New York or if it's a suspicion in deciding to accept her word over James?

MR. YI: Objection to form.

A. So she wasn't denying that she was involved. She was just telling us that he was also involved, so her involvement in it was consistent with prior Liberty Bank incidents which was a much smaller amount and the fact that she had admitted to taking money for temporary loans out of her husband's partner's account and using her sister-in-law's account was consistent with what she had said about what was consistent with Liberty Bank, so that

LISA PAI (7/13/17)  
 by itself didn't convince me that James was not involved.

Q. You say, I mean, she took a lot of money out of other people's accounts other than her relatives, right?

A. I think my understanding is she started taking money out of other customers' accounts in order to provide cash that James was demanding.

Q. Okay. So it's your understanding that she was stealing from her relatives and then James got involved and she started stealing from other customers at the bank, correct?

A. That's my general understanding, yes.

MR. YI: Objection to form.

Q. And it's not okay to steal? I mean when you're working at a bank, it's not okay to steal from your relatives, is it?

A. No, of course not.

Q. There's no real difference between stealing from your relatives and stealing from other customers of the bank or any legal or

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moral reason, is there, that you can think of?

A. Legal or moral, no, there's no legal difference unless the relative gave her authority, I guess.

Q. Did you understand that her relatives had given -- strike that.

You think a relative can give an employee authority to steal from their account?

A. In this case, I don't know whether she had that kind of consent, but I'm just comparing embezzlement involving family or close business partners versus touching, you know, other customer accounts. I think there is a difference. I'm not saying one is legal and one is not, but there is a difference.

Q. I guess there's a factual difference that one is your relative and one is not, but in the eyes of the bank, it's equally egregious, is it not?

A. Yes, it is.

Q. Your understanding she was stealing from her -- you already testified to that. Withdraw that.

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You said that she had stolen, I think you said relatively small amounts from Liberty Bank?

A. Yes.

Q. So once she admitted that she had embezzled, whether or not James Ryu was involved, she embezzled from BankAsiana, it was obvious to you that she had embezzled on the prior case at Liberty Bank, right?

MR. YI: Objection.

Q. That wasn't just a suspicion?

MR. YI: Objection to form.

A. I don't know that for sure, but it would appear more likely that she would have been involved, that she would have embezzled money from Liberty.

Q. Did you ask her whether she had embezzled money from Liberty Bank?

A. When I met with her?

Q. Yes.

A. No. We didn't have time to get into the Liberty Bank transaction.

Q. Could you have met with her on a subsequent occasion if you wanted to?

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A. No, because she said she wasn't available.

Q. When did she say that? Did she say that direct -- to you directly?

A. Well, when I met with her, I had wanted to speak with her longer, but she said she wasn't available because of baby-sitting problems and she had a small child and so -- and I actually never got a chance to arrange a subsequent meeting because I think on advice of her counsel, I think she -- I had to make arrangements through her counsel.

Q. Did you demand that she meet with you again so that you could get enough information to conclude this inquiry that you were conducting, this very important inquiry you were conducting for the bank?

MR. YI: Objection to form.

She already asked. She was asked to make arrangements through counsel.

A. So --

MR. YI: You can answer.

A. So yeah, I expected any further meetings to be done through counsel.

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Q. I understand that you expected further meetings to be done through counsel, but did you say I want to meet with her again, I need to ask further questions of her, please make her available to me; did you make that request?

A. Through counsel, I think we made that request.

Q. And what was the response to that question?

A. I think my recollection is originally my understanding is that she was going to not answer any questions until the criminal investigation came to some kind of a conclusion, so whether it's through informal meetings or depositions, she was going to take the fifth. I think that was -- that's my recollection now. I mean it's getting kind of fuzzy.

Q. Your recollection, she refused to cooperate with you, you met with her once and after that, she refused to cooperate with you, right?

MR. YI: Objection to form.

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A. I think that's what her criminal counsel had advised her, that's my understanding.

Q. And despite that, you still chose to accept her word over James Ryu's word, correct?

MR. YI: Objection to form.

A. Well, I understood why her counsel would advise her to do that, because of the criminal context.

Q. Right.

A. So that did not change my -- that did not change my conclusion about believing her over James Ryu.

Q. So the fact that she would not cooperate with you and have a second meeting with you did not factor into your -- into your decision about who was telling the truth; true?

MR. YI: Objection as to form; asked and answered.

A. Yes.

Q. Now you said that she had stolen a relatively small amount of money from Liberty

1 LISA PAI (7/13/17)  
 2 Bank. I don't know if those were your exact  
 3 words, small in comparison to the amounts she  
 4 stole from BankAsiana?  
 5 A. That's right. That's what I meant  
 6 by relative.  
 7 Q. Still really any amount of stealing  
 8 from the bank is a serious thing, right?  
 9 A. Yes, with...  
 10 Q. Even \$1, right?  
 11 A. Yes, even \$1.  
 12 Q. Certainly \$5,000 would be a lot of  
 13 money to steal from the bank?  
 14 A. Yes.  
 15 Q. I mean if somebody stole \$1 because  
 16 they have to get -- that's such a small  
 17 amount, it's negligible, it's a violation of  
 18 policy, it's really almost negligible, but  
 19 hundreds or thousands of dollars is an  
 20 indication of serious criminality, correct?  
 21 MR. YI: Objection to form.  
 22 A. Yes.  
 23 Q. And you weren't suggesting -- you  
 24 did suggest, however, that even though she had  
 25 engaged in serious criminality at Liberty Bank

1 LISA PAI (7/13/17)  
 2 of New York, she was incapable of stealing  
 3 what has turned out almost \$1.5 million or  
 4 approximately \$1.5 million; was that your  
 5 view, was that your thinking at the time you  
 6 made your decision to accept her word over  
 7 James Ryu's word?  
 8 MR. YI: Objection to form.  
 9 A. Yes. Given the small size of the  
 10 bank, BankAsiana being small and given her  
 11 role at the branch and there are -- most banks  
 12 have someone in deposit operations, central  
 13 deposit operations that oversees transactions,  
 14 there are internal audit reviews of  
 15 transactions over such a long period of time,  
 16 we concluded that she would not have been able  
 17 to continue to take such large sums of money  
 18 without some assistance at a higher level and  
 19 overtime with additional information, I was  
 20 able to better understand why she was able to  
 21 do that, to take to embezzle such a large  
 22 amount, but gradually without detection.  
 23 I think what we were really  
 24 focusing on also was how was she -- how was  
 25 the bank unable to detect what was going on,

1 LISA PAI (7/13/17)  
 2 you know. It's a smaller bank and if there  
 3 was a branch manager that was overseeing her,  
 4 if there was an operations administrator that  
 5 was overseeing her, if there were internal  
 6 audit and financial -- you know, actually, she  
 7 -- that would have been detected and  
 8 apparently James did detect something was  
 9 going -- that she was doing something  
 10 improper, but instead of doing something about  
 11 that, he colluded with her or abused his  
 12 position to extract, to coerce her into taking  
 13 more money so that it can help him  
 14 financially.  
 15 And he had every financial  
 16 motivation to -- he needed money, clearly  
 17 everybody knew he needed money. He  
 18 desperately needed money. He was tapping into  
 19 every possible source for money, including  
 20 asking her for a personal loan, which she  
 21 initially said -- she said she couldn't --  
 22 didn't have money to give to him because she  
 23 actually also had some personal loans.  
 24 And, you know, he had taken out a  
 25 personal loan, a 401(k) loan, you know, all

1 LISA PAI (7/13/17)  
 2 kinds of loans. I don't think he asked around  
 3 in 2011 for loans from other people. Those  
 4 are all the reasons.  
 5 Q. So one of the reasons, essentially  
 6 the controls were very lax?  
 7 A. That's right.  
 8 Q. That would be a shorthand way of  
 9 saying that, right, the controls were lax;  
 10 there wasn't a branch manager, right?  
 11 A. Yes.  
 12 Q. Internal audit didn't pick it up?  
 13 A. That's right.  
 14 Q. And nobody else picked it up?  
 15 A. No, there was no operations  
 16 administrator to be able to pick it up because  
 17 James was overseeing operations directly with  
 18 assistance from his -- from Irene and Irene  
 19 really didn't understand deposit operations.  
 20 She told me she didn't understand.  
 21 Q. In your career at the banks, have  
 22 you ever had another large embezzlement?  
 23 MR. YI: Objection to form.  
 24 A. Not quite at this level.  
 25 Q. What's the largest other



1 LISA PAI (7/13/17)  
2 embezzlement that you ever had at any of your  
3 other banks, any job, any bank you worked at?

4 A. Maybe 300,000.

5 Q. How would internal audit have  
6 picked this up?

7 A. Sometimes they do testing of  
8 customer balances. Sometimes -- I'm not an  
9 internal auditor. I don't know, but they do  
10 testing, independent testing of various  
11 transactions in order to try to detect any  
12 improprieties, irregularities.

13 Q. You think internal auditing should  
14 have picked this up?

15 A. Well, I don't know about should  
16 have, because it's hard to detect everything,  
17 but it was a small -- relatively small bank.  
18 I think if somebody was paying attention, I  
19 think it could have picked it up.

20 Q. Obviously you think James Ryu did  
21 pick it up, correct?

22 A. Yes.

23 Q. How did James Ryu pick it up?

24 A. That I don't know. We hoped to  
25 find out when we depose James Ryu.

1 LISA PAI (7/13/17)

2 Q. Now, so exactly -- you know how she  
3 was doing this, it's described in the report  
4 by Mr. Hamersky?

5 A. Yes.

6 Q. She was stealing from one customer  
7 and then fudging the records, right?

8 A. Yes.

9 Q. And it actually didn't turn up  
10 until a customer came in and noticed there was  
11 a discrepancy as you testified earlier in the  
12 bank, in the numbers on their account, right?

13 MR. YI: Objection to form.

14 A. Yes, it was not discovered until  
15 after the customer came in.

16 Q. So if you don't know how James Ryu  
17 supposedly -- was supposed to have detected  
18 this and you don't know how he's supposed to  
19 have detected this, right?

20 A. Right.

21 Q. Do you know somebody who does know  
22 that?

23 A. Not how. Let me start over.

24 So when Alicia and Orest were  
25 reviewing and doing it, reviewing the

1 LISA PAI (7/13/17)  
2 transactions to figure out exactly how it was  
3 done, what they said, one of the things they  
4 said was anybody that knows about operations,  
5 deposit movements would have found it very  
6 unusual that CDs were closed out in the middle  
7 of the term and then reopened, you know.  
8 There were a number of, I think,  
9 irregularities that could have been detected,  
10 fiduciary duty, somebody was looking at them,  
11 that's what I recall.

12 Q. So Alicia told you that?

13 A. Either Alicia or Orest. It's  
14 possible it may have been Alicia. There were  
15 some flags that she thought that could have  
16 been picked up, you know, through various  
17 reports.

18 Q. Did Orest think there were flags  
19 that could have been picked up through  
20 reports?

21 A. I don't know if Orest is as  
22 knowledgeable about deposit operations, fund  
23 movements, as Alicia is, so I'm not sure. I  
24 can't answer that.

25 Q. Did Alicia work at BankAsiana?

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2 A. No, Alicia worked for Wilshire  
3 Bank.

4 Q. But Alicia definitely told you that  
5 there were flags that should have been -- that  
6 would have picked this up?

7 MR. YI: Objection to form.

8 A. I don't think she necessarily -- I  
9 don't remember if she necessarily used the  
10 term flags, but she said there were unusual  
11 transactions because they were CDs and not  
12 checking accounts.

13 Q. Well, clearly this was done through  
14 CDs, not checking accounts, right?

15 A. Right.

16 Q. Was there something other than the  
17 fact -- than CDs that was unusual about it or  
18 some specific CDs?

19 A. No, I think what she was referring  
20 to, she or Orest, I really don't recall who it  
21 was, but what they were referring to is the  
22 fact that even though Karen moved around funds  
23 so that the 1099 forms for maturity notices  
24 would go out timely and then move the funds  
25 back again, but somebody that knows

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operations, deposit operations would have or could have picked up sort of middle of the term withdrawals, things like that that -- so it could have been detected.

Q. Did you consider the fact -- you knew Karen was taking some of the money and using it to pay some of her husband's debts?

A. That's what she said, yes.

Q. Did you consider that she was acting to -- that her husband was implicated in this and she was blaming James Ryu to divert attention from her husband?

A. Well, when I talked to her, she explained that her husband didn't know what she was doing. That she was doing it, all the financials for all her husband's business. He wasn't really a financial guy. He just had a passion for running bagel shops and really got into the operation and enjoyed running businesses, but he didn't understand the economics of it, so that's why the businesses were not doing well. They were not profitable and she said she didn't have the heart to tell her husband that the businesses he loved so

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much were failing.

Q. What did he say when you interviewed him?

A. I did not interview her husband.

Q. Why didn't you interview her husband?

A. I think I left that up to our outside counsel to pursue through discovery.

Q. But you didn't even ask to interview her husband; is that correct?

A. There were -- yes, my recollection is I didn't ask her to make arrangements for her husband to come in.

Q. Correct.

A. No, I didn't think it was a priority at that time.

Q. Because you believed what she had told you about her husband?

MR. YI: Objection to form.

A. Well, but we decided to name the husband's businesses, so whether he was directly involved or not was not as critical at the time because he benefited through stolen money, so my recollection is I don't --

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I think that was, like I said, not a priority to speak with him directly.

Q. Did you believe her when she said that her husband didn't know about this?

A. Yes, I did believe her.

Q. Did the bank determine whether any of the funds that were embezzled made its way into James' bank accounts?

A. Any of James Ryu's bank accounts at BankAsiana or at other institutions?

Q. Let's start with at BankAsiana.

A. My vague recollection is either Alicia or Orest did look at the BankAsiana accounts and did not find any direct evidence of large sums of cash being deposited, but that was understandable because he knew BSA laws and regulations very well and he knew that would create a huge red flag.

Q. Did you check to see whether he put it into bank accounts elsewhere?

A. That was on the list of things to investigate further, yes.

Q. Did you investigate that further?

A. Not me personally, but through

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outside counsel, I did list that as something that we should do, subpoena records of either some or all of his other bank accounts to the extent we can find out, yes.

Q. Did you know what the upshot of that was? Did you ever find out whether any money was ever deposited into any other accounts outside of BankAsiana?

A. I don't have a really clear recollection, but again, we're talking about cash and there are other transactions that he -- his accounts show, it's -- unless there is a large cash deposit made, we wouldn't be able to directly tie it so -- so my -- but I don't have a clear recollection what we did find in those other accounts to the extent we have received subpoenaed records.

James knew BSA laws and any bank that receives large cash deposits would report to the government suspicious filings.

Q. So you believe he would have not done that, correct?

A. Absolutely.

Q. You're pretty convinced he did it,

1 LISA PAI (7/13/17)

2 aren't you?

3 MR. YI: Objection to form.

4 Q. You're really quite convinced that  
5 James did this?

6 MR. YI: Objection to form;  
7 argumentative.

8 MR. HARVEY: It's not  
9 argumentative.

10 MR. YI: When you go to trial,  
11 you'll have an opportunity to  
12 cross-examine this witness. This is a  
13 deposition. If you want to make  
14 arguments, I don't think it's  
15 appropriate.

16 MR. HARVEY: Counsel, obviously  
17 you don't have that much experience in  
18 depositions because I can conduct a  
19 cross-examination at deposition just  
20 as well I can at trial. In fact, the  
21 testimony is exactly the same as at  
22 trial. I can do -- anything I can do  
23 at trial, I can do at deposition.

24 MR. YI: If you want to continue  
25 to make arguments, I think it will be

1 LISA PAI (7/13/17)

2 an issue for us. If you want to ask  
3 factual questions, please proceed.

4 MR. HARVEY: Counsel, I intend to  
5 continue asking necessary. If that  
6 creates an issue for you, you do what  
7 you need to do.

8 BY MR. HARVEY:

9 Q. Ms. Pai, you're really quite  
10 convinced, are you not, that James Ryu  
11 participated in this embezzlement with Karen  
12 Chon?

13 MR. YI: Objection to form; asked  
14 and answered.

15 A. Yes, I believe he was involved.

16 Q. You're certain; is that right?

17 MR. YI: Objection to form; asked  
18 and answered.

19 A. Well, I believe he was involved.

20 Q. I'm asking you if you're certain.  
21 It's a different question; are you certain?

22 MR. YI: Objection to form; asked  
23 and answered.

24 A. I mean being certain is a matter of  
25 degree, so where do you cutoff being certain.

1 LISA PAI (7/13/17)

2 I mean I was certain enough to approve the  
3 filing of the Complaint, yes.

4 Q. Correct, there's degrees of  
5 certainty. I'm certain I'm here in this room  
6 asking you questions right now and I'm certain  
7 that my wife took my son to camp today even  
8 though I didn't see it, otherwise, I would  
9 have gotten a report. So there's degrees of  
10 certainty.

11 But you seem to be just in  
12 everything you said, what you said his bank,  
13 you know, you seem to have some knowledge what  
14 he would have know about the Bank Secrecy Act  
15 and I'm asking you, are you 100 percent  
16 certain that James Ryu participated in this  
17 embezzlement with Karen Chon?

18 MR. YI: Objection to form; asked  
19 and answered.

20 A. Well, let me put it this way, the  
21 more information that I get, I think, like I  
22 said before, it's supporting my conclusion,  
23 initial conclusion that he was involved.

24 Q. Now, the evidence that you have  
25 learned of since you filed -- since you

1 LISA PAI (7/13/17)

2 authorized the filing of the Complaint has  
3 made you more certain than you were at the  
4 time of the filing of the Complaint, true or  
5 false?

6 A. True.

7 MR. YI: Objection as to form;  
8 asked and answered.

9 Q. Did you know that the federal  
10 authorities charged Karen Chon with  
11 embezzlement?

12 A. Yes.

13 Q. Did you know the federal  
14 authorities did not charge James Ryu with  
15 embezzlement?

16 A. Yes.

17 Q. You know she's in prison, in  
18 federal prison in Danbury, Connecticut; did  
19 you know that?

20 A. Yes.

21 Q. Do you know he's been to see the  
22 FBI several times without the benefit of any  
23 proffer letter, walked into the FBI without  
24 counsel, without a proffer letter; did you  
25 know that --

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MR. YI: Objection to form.

Q. -- to cooperate in this investigation?

MR. YI: Objection to form; assuming facts not in evidence. If you can answer, you can.

A. I think I heard that he -- the FBI talked -- a special agent talked to him, but I don't know the context. I don't recall hearing about the context of how that came about.

Q. Did you ask to interview James Ryu again after that initial interview, that one interview you had with him?

A. Again, well, I think that I did ask. I think I asked our outside counsel to pursue any further interviews or depositions of James Ryu, yes.

Q. But before you filed a Complaint, did you seek to interview him again to ask about questions, about things you might have questions about?

A. I don't recall if I did.

Q. You know you could have if you

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wanted to ask him to meet with you, again, to provide additional information, answer additional questions, you could have done that, right?

A. Yes, but it was clear to me the position that James was going to take which was to deny everything.

Q. Well, if he didn't do it, of course he would deny, right?

MR. YI: Objection to form.

A. Right.

Q. So -- but you had already made up your mind he did do it, so therefore senseless to ask him any questions; is that your testimony?

MR. YI: Objection to form; asked and answered.

I find this whole line of questioning to be really inappropriate and improper, but I'll let you continue, if you can answer.

A. I'm sorry, what was the question again.

Q. The question is this, you didn't

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interview him again because you already knew that he denied the crime, correct?

A. Yes, and --

MR. YI: Objection to form.

You are repeatedly in your questions mischaracterizing this witness' testimony, but again with that objection, if you can answer, you can go ahead.

MR. HARVEY: Counsel, keep your speaking objections to yourself. They're patently improper and you're really evidencing a desire to disrupt this deposition. Perhaps you're not familiar with federal practice. You do not need to make these speaking objections. The witness -- I'm asking proper questions. The witness is an attorney, general counsel to the bank. I'm not acting disrespectful in any way. She's capable of answering the question.

MR. YI: I'm trying my best to do that. I apologize for the speaking

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objections. You repeatedly in your questions are mischaracterizing this witness' testimony and I would respectfully ask that you refrain from doing that, but in any event, let's continue.

MR. HARVEY: Please read back my last question.

(Whereupon, the referred to question was read back by the Reporter.)

MR. HARVEY: Just to be clear, Counsel, I'm asking her a direct question. She can answer it. I'm not characterizing her testimony at all. I'm asking her whether she agrees with that statement or not.

MR. YI: Objection to form. Go ahead.

THE WITNESS: I mean that's one of the factors, but you know, I don't have a clear recollection of all the other factors that we considered at that time.

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2 BY MR. HARVEY:

3 Q. Well, for example, you had some  
4 questions in your mind about lax controls,  
5 right?

6 A. Sure.

7 Q. You had your questions in your mind  
8 about something Jessica Lee had told you about  
9 supposedly having told James and H.S. that  
10 Karen had some kind of problems at Liberty  
11 Bank, right, you had that, you had a question  
12 in your mind about that?

13 A. Yes.

14 Q. Wouldn't you have wanted to ask  
15 James what the story was on that, how you  
16 decide what the truth is in deciding how to  
17 choose between him and Karen?

18 A. I think you -- what we looked at,  
19 basically, a collection of information and we,  
20 after discussion with outside counsel, felt we  
21 have enough to file a Complaint. I don't  
22 think we have to conclude all the discovery by  
23 the time we file a Complaint.

24 Q. So you didn't want to know, for  
25 example, what his response was going to be

1 LISA PAI (7/13/17)

2 about that particular issue, the Jessica  
3 statement about Karen, right, you didn't want  
4 to know what James' story was on that issue,  
5 correct?

6 A. I don't think that's what I said.

7 MR. YI: Objection to form.

8 Q. I'm asking you. I didn't say  
9 that's what you said. Did you or did you not  
10 want to have --

11 MR. YI: Objection to form. I  
12 don't think there's been discussion  
13 about what was discussed at her  
14 meeting with James Ryu, so I'm not  
15 sure this is proper. I mean if you  
16 want to establish that, let's  
17 establish that first.

18 MR. HARVEY: Sure.

19 Q. Did you ask James at your meeting  
20 with him about this statement that Jessica Lee  
21 had made?

22 A. Actually, most of the questions at  
23 the meeting with James were made by our  
24 outside counsel.

25 Q. Did outside counsel ask James about

1 LISA PAI (7/13/17)

2 that?

3 A. I don't have a specific  
4 recollection.

5 Q. Do you know a memo was made of that  
6 interview?

7 A. I don't recall.

8 Q. Did you know whether James was  
9 asked about the subject of lax controls?

10 A. I don't recall that either.

11 Q. Do you know whether he was asked  
12 about the fact that there was no branch  
13 manager at the branch that Karen worked at?

14 A. So I don't recall those specifics.

15 Q. Would you have wanted to know  
16 sitting here today, thinking back, would you  
17 have wanted to know the answers to those  
18 questions in deciding whether or not to accept  
19 James' word or Karen's word?

20 A. Would I have wanted to know?

21 Q. Yes.

22 A. Eventually I think those are topics  
23 that should be covered by discovery, further  
24 discovery.

25 Q. Now, were you surprised that the

1 LISA PAI (7/13/17)

2 FBI charged Karen, but not James?

3 MR. YI: Objection to form.

4 A. Was I surprised?

5 Q. Yes.

6 A. I don't remember if that was the  
7 feeling I was having at the time. I think it  
8 made sense to me that they would want to  
9 charge Karen first because she confessed and  
10 it was an easy claim for them to pursue, so I  
11 don't know that I was necessarily surprised.

12 Q. You said that things -- since the  
13 filing of the Complaint, things that have  
14 happened have made you more certain that James  
15 did it, right?

16 MR. YI: Objection to form.

17 A. Yes.

18 Q. Was the Department of Justice's  
19 charging of Karen with a crime one of those  
20 things or not?

21 MR. YI: Objection to form.

22 A. I don't really understand your  
23 question.

24 Q. Did the fact that the federal  
25 government charged Karen with a crime and that



1 LISA PAI (7/13/17)  
2 she was convicted of it and pled and was  
3 sentenced, but they didn't charge James, was  
4 that one the things that made you more certain  
5 that James was involved?

6 MR. YI: Objection to form.

7 A. I don't know that I would say that.  
8 I understood why the U.S. Attorney's Office  
9 would want to pursue something that's easier  
10 for them to pursue. It takes -- based on my  
11 experience with the U.S. Attorney's Office, it  
12 takes them a long time to pursue something and  
13 they have to because it's a criminal context,  
14 they require a lot more evidence up front  
15 before they will bring a claim. I just know  
16 that as part of my past experience with them.

17 Q. So the fact that they charged Karen  
18 and not James is of no moment, doesn't matter  
19 to your analysis about whether James actually  
20 did this or not, correct?

21 MR. YI: Objection to form.

22 A. I'm sorry, I don't understand that  
23 question.

24 Q. Sure. The question is this, the  
25 fact that Karen has been convicted of a crime

1 LISA PAI (7/13/17)  
2 for the embezzlement and James has not been  
3 charged is not of significance, doesn't matter  
4 to you in determining whether or not James --  
5 we've got evidence against James or not, in  
6 other words, that he did this; is that  
7 correct?

8 MR. YI: Objection.

9 A. All I can say is yes, I believe  
10 there was a difference in the criminal  
11 proceeding versus civil proceeding and we felt  
12 we had enough to charge him in the civil  
13 context as a former officer of BankAsiana that  
14 we had acquired.

15 (Ryu Exhibit 20, memo dated  
16 February 10, 2014, Bates labeled  
17 Exhibit 1 D000005 through '9 was  
18 marked for identification, as of this  
19 date.)

20 BY MR. HARVEY:

21 Q. Ms. Pai, the court reporter just  
22 handed you what's been marked as Ryu-20, a  
23 document that was produced to the parties in  
24 this case by the federal government. My first  
25 question is going to be whether you've ever

1 LISA PAI (7/13/17)  
2 seen it before?

3 A. I don't think I have. Do you want  
4 me to read this?

5 Q. I'm going to direct you, you're  
6 free to read this. I will direct you to  
7 things. You're free to read as much or as  
8 little. You can wait until you hear the  
9 questions.

10 A. That probably is easier, because  
11 it's kind of long.

12 Q. This is obviously an FBI  
13 investigation memo. It's got the Bates No. on  
14 the bottom, Exhibit 1 D000005 through '000009,  
15 and I see it came from the government, I  
16 forget maybe Mr. Jeon, maybe Ms. Chon's lawyer  
17 produced this, I can't remember. One way or  
18 the other, it came from the files of the  
19 Department of Justice.

20 You'll see if you look at it, it's  
21 date of entry, February the 10th, 2014 at the  
22 top right-hand corner?

23 A. Yes, I see that.

24 Q. If you look at that, the first  
25 paragraph, you see she was interviewed by two

1 LISA PAI (7/13/17)  
2 government agents name Joel DeCapua and Nathan  
3 Kim. Mr. Kim is a native Korean speaker and  
4 he translated?

5 MR. YI: Objection to form.

6 A. Okay.

7 Q. Now, if you go to the second page,  
8 there is a statement in the second full  
9 paragraph. The end of the first sentence,  
10 I'll read the sentence, it says "When informed  
11 that the FBI was investigating allegations  
12 that Miye Chon was working with other bank  
13 employees to steal money from BankAsiana, Chon  
14 immediately admitted that she had acted  
15 alone"; you see that?

16 A. Yes.

17 Q. Did you know that at any point  
18 Karen Chon had taken the position that she  
19 acted alone without -- i.e., without the  
20 assistance of James Ryu, were you aware of  
21 that?

22 A. No.

23 Q. Turn to page 4 of this, it says 4  
24 of 5, the pages are in the upper right-hand  
25 corner. The fourth full paragraph on that

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page begins with the words -- well, I'll read it just to make sure we're not missing anything. "James Ryu was not involved in the scheme to steal money from the CD accounts. Chon last met with James Ryu on or about Thursday, January 30, 2014. Chon and Ryu met at the Englewood diner. Chon apologized to James Ryu for all of the trouble he was experiencing with Wilshire Bank. Chon admitted to Ryu that Chon had lied to bank auditors about Ryu being involved in the scheme to take money from the CD accounts. Chon told Ryu that Chon was going to tell the truth and clear Ryu of any wrongdoing"; you see that?

A. Yes.

Q. This is in the statement that Karen Chon gave to the federal government on February the -- interestingly, I note that the date on this page is February the 4th, 2014 and the date on the first page is February the 10th, 2014. I cannot explain the discrepancy.

I just want to see if you know that Chon had a meeting with James Ryu at the

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Englewood diner and at that meeting, she admitted that she had lied to the bank auditors about Ryu being involved?

A. Is that a question?

Q. Yes. Were you aware of that, that she had a meeting with James Ryu at a diner, at the Englewood diner and at that meeting, she admitted that she had lied to the bank auditors about his involvement in the scheme to take money from the CD accounts?

MR. YI: Objection to form.

A. That she admitted to Ryu that she had lied?

Q. Yes.

A. So that's inconsistent with the statement that she made to us at our meeting, at my meeting with her, at which time she did tell me about a meeting with James, but she said that James was offering her money to pay back the bank, if she would clear up his name and she even had an amount of \$500,000 and at the time, I think my recollection is she was asking if the bank would not press criminal charges against her if she enters into a

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settlement. Basically, agreement to pay us back and that was the amount that she had floated and my understanding was that James Ryu -- my understanding was that Karen believed James Ryu was going to help her raise that money.

Q. Did you know that Karen Chon met with James Ryu twice at a diner, at the Englewood diner?

A. Yes, I think that was the number they both told me, they met twice.

Q. But my question was simply did you know one or the other meetings, that she admitted to him that she had lied to the bank auditors about his involvement in the scheme?

MR. YI: Objection to form.

Q. Were you aware of that?

MR. YI: Objection to form.

A. No, because she told me that he said unless she clears up his name that he was not going to help her financially to pay back the bank, so she can avoid jail time and she was -- and that's what -- I don't remember what I was going to say after that, sorry.

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Q. I'm just asking you weren't aware of that.

And were you aware that at that meeting at the bank -- excuse me, at the dinner, that she told Ryu that she was going to tell the truth and clear him of wrongdoing?

A. That's what James told us, but like I said before, James' account of what she discussed is different than Karen's account of what they discussed, right, so.

Q. And it appears Karen's account of what they discussed is also different than what she told the FBI, right?

MR. YI: Objection to form.

A. Well, it looks like what she told the FBI, I mean this is....

Q. It's not what she told you, is it?

A. No.

Q. Okay. Next paragraph says "Ryu did not threaten Chon in any way." Did Karen tell you that Ryu had threatened her?

A. She told me that that's why she had to take money out of customer accounts and give to him as he had instructed her to do.

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Q. And you weren't aware that she told the FBI that he didn't threaten her in any way, did you?

MR. YI: Objection to form; assumes facts not in evidence.

If you know.

A. Yeah, I mean, I guess that would be consistent with her trying to clear up his name, so that he can help her financially pay back the bank, that we would not press criminal charges against her.

Q. I'm just simply asking if you know she told the FBI that Ryu did not threaten her in any way?

MR. YI: Objection to form; assumes facts not in evidence.

A. No, I did not.

Q. Two paragraphs down, it says "Chon lied about James Ryu's involvement because the bank auditors suggested to Chon that Ryu was involved." This is apparently her statement to the FBI. Do you know anything -- do you know whether the bank auditors suggested to Chon that Ryu was involved?

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MR. YI: Objection to form.

A. Do I know that, no, I don't know that. That's not consistent with what I know. In fact, I don't know that the bank auditor even spoke to her when she first confessed about Ryu's involvement.

Q. We don't know what they mean when they -- but here it says bank auditors, we don't know who that is, right?

MR. YI: Objection to form.

Q. We know for you, the auditors Hamersky and maybe Alicia, maybe she thought the auditors included Bo-Young and Karen. We just don't know what she means by bank auditors, right?

MR. YI: Objection to form.

A. She wouldn't think that Bo-Young Lee and Irene are bank auditors because she worked with them previously for a long time and I don't think she would think that Alicia was a bank auditor because Alicia was head of operations.

Q. What about Elaine Jeon?

A. Elaine did not speak with Chon

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directly.

Q. You're saying she wouldn't have thought of Alicia Lee as a bank auditor?

A. I would not think so, but I don't know.

Q. Well, who else did -- Karen never spoke directly with Hamersky, did she?

A. I don't recall. The -- I don't think so, but I don't recall specifically.

Q. In any event, you were not aware that the bank -- are you aware that anyone from the bank, Alicia Lee or anyone else suggested to Chon that Ryu was involved?

A. No, I'm not aware.

Q. And you wouldn't know one way or another because you weren't present, correct?

A. Right, not at that time.

MR. YI: Steve, is this a document produced by Matt Jeon?

MR. HARVEY: I believe so.

MR. YI: These are his production numbers?

MR. HARVEY: I believe so. I wouldn't have gotten this from anybody

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else.

(Ryu Exhibit 21, memo dated February 24, 2014, Bates labeled Exhibit 1 D000001 through '4 was marked for identification, as of this date.)

BY MR. HARVEY:

Q. The court reporter has handed you what's been marked as Ryu-21. It's another FBI interview memo. This one is of an interview with Alicia Lee and I'm going to ask you some questions about it. I'll direct you to the parts that I would like to ask you questions about, but please take a moment to familiarize yourself with the document, if you wish?

A. So I received two. Let's -- are they the same or are they two different? They both start with Alicia Lee.

MR. YI: You might have two copies.

A. Of the same thing?

Q. Yes. It's just two copies of the same thing.

1 LISA PAI (7/13/17)  
 2 MR. YI: Can we take a break.  
 3 (Whereupon, at this time, a short  
 4 break was taken.)  
 5 (Ryu Exhibit 22, memo dated  
 6 March 18, 2014, Bates labeled D000010  
 7 through '12 was marked for  
 8 identification, as of this date.)  
 9 BY MR. HARVEY:  
 10 Q. I'm next going to ask about this  
 11 one.  
 12 MR. HARVEY: In your absence, I  
 13 gave the witness the next exhibit to  
 14 read, just so she wouldn't have to  
 15 take anymore time.  
 16 Q. We were just looking at the first  
 17 one. I'd like you to look at Ryu-21.  
 18 A. Ryu-21?  
 19 Q. Yes.  
 20 A. Okay.  
 21 Q. That's the interview with Alicia  
 22 Lee?  
 23 A. Yes.  
 24 Q. We had a ten-or-fifteen-minute  
 25 break; did that give you enough time to read

1 LISA PAI (7/13/17)  
 2 the whole memo?  
 3 A. Yes, I read Alicia's memo.  
 4 Q. So reading it, this is an interview  
 5 that Alicia Lee gave with the Federal Bureau  
 6 of Investigations on February 4, 2014, you can  
 7 see that right at the top of the first page?  
 8 A. Yes, I think it's -- it's a summary  
 9 of FBI's interview of Alicia Lee, not  
 10 something she wrote herself.  
 11 Q. Correct.  
 12 A. Yeah.  
 13 Q. According to the memo, Orest  
 14 Hamersky was with her?  
 15 A. Yes, it appears to be so.  
 16 Q. Now, did you know that they met  
 17 with the FBI?  
 18 A. Yes, I remember hearing about it.  
 19 Q. Did you authorize it?  
 20 A. I believe I did.  
 21 Q. And is there anything in this memo  
 22 that you read that jumps out at you as  
 23 inconsistent with what you recall?  
 24 A. That's inconsistent with what I  
 25 recall?

1 LISA PAI (7/13/17)  
 2 Q. Yes.  
 3 A. Yes, I don't recall that she had  
 4 said that she spent only \$200,000.  
 5 Q. What do you recall she said?  
 6 A. Actually, I just have a  
 7 recollection of my meeting with her and what I  
 8 meant, it's inconsistent with my recollection  
 9 of my meeting with her, so maybe that's not  
 10 what you were asking.  
 11 Q. Well, you know what, why don't I  
 12 give you what's been marked Ryu Exhibit 14. I  
 13 believe that's your notes with her. They're  
 14 partially in Korean, so I can't read them.  
 15 A. Yes.  
 16 Q. Is that what they are, your notes  
 17 of your meeting with her?  
 18 MR. YI: Objection to form.  
 19 A. It looks like notes before the  
 20 meeting as well as notes from the meeting,  
 21 yes.  
 22 Q. So just -- we'll go through them  
 23 later in detail. Can you tell by looking at  
 24 your notes, does it tell you what she told you  
 25 about how much she had kept?

1 LISA PAI (7/13/17)  
 2 A. Yes.  
 3 Q. How much does it say?  
 4 A. About \$500,000 she kept.  
 5 Q. So that's inconsistent with what is  
 6 the Alicia Lee memo, right, where Chon said  
 7 she personally said she spent 200,000?  
 8 A. Yes.  
 9 Q. Anything else in here in this  
 10 Ryu-21 inconsistent with your memory of the  
 11 facts?  
 12 A. Not that I can see right now.  
 13 Q. Okay. Just ask a few questions  
 14 about some things in here. On the second page  
 15 of this second paragraph, the end of the  
 16 second paragraph says that it describes the  
 17 meeting on January 22nd and then at the end of  
 18 it says "Chon-Kim said that she was giving the  
 19 cash to another person, but that she was  
 20 afraid of that person and did not want to  
 21 reveal his name"; do you see that?  
 22 A. Yes.  
 23 Q. You understand Chon Kim to be Karen  
 24 Chon, right?  
 25 A. Yes.

LISA PAI (7/13/17)

Q. Is that your recollection that you were told -- do you remember being told that?

A. Yes, I do remember being told that.

Q. What do you remember being told just as it's written there, something additional?

A. Yes, I remember being told that initially she didn't want to say who it was and then later, I think the next day, she said who it was. She was afraid.

Q. And then I was going to ask about the 200,000, which is two paragraphs down and that's inconsistent with what she told you?

A. Right.

Q. Karen that is?

A. That's right.

Q. It says "Chon-Kim said that she and Ryu were very close"; did you ask Karen Chon whether she and Ryu were close?

A. I don't recall specifically asking her in that way, but I may have asked her how often they met. It's a vague recollection. I'm not 100 percent sure.

Q. How many criminal -- would you

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agree this investigation was sort of quasi criminal investigation that you conducted?

MR. YI: Objection to form.

A. I don't know what you mean by quasi criminal. I'm not usually involved in criminal investigations.

Q. Are you involved throughout your career -- have you been involved in many investigations?

MR. YI: Objection to form.

A. Some investigations. Some investigations. I don't know if I would say many. I get involved in a lot of things at the bank.

Q. Have you ever been involved in an investigation with serious wrongdoing at any of the banks you've been engaged in other than this?

MR. YI: Objection to form.

A. So at least a few others, yes.

Q. What were the nature of those matters just generally?

A. The only one I can think of now is the one that I was referring to earlier, about

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\$300,000 embezzlement.

Q. And what bank was that at?

A. I think it was CentreBank.

Q. And approximately we can tell by looking, the years, what years were you at CentreBank?

A. I think it was around 2007 to maybe 2010 or '11.

Q. So sometime in that time frame you were involved in an investigation of an embezzlement of approximately \$300,000, correct?

A. Correct.

Q. Did you interview the witnesses?

A. Yes, I believe so.

Q. Were you the head of the investigation?

MR. YI: Objection to form.

A. Along with consultants and outside counsel.

Q. Who was your outside counsel in that case?

A. Oh, I don't remember.

Q. Okay. So you don't have a lot of

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experience with conducting this type of investigation, would that be fair to say?

MR. YI: Objection to form.

A. That would be fair to say.

Q. Now, it says here in the bottom of page 2 carrying over to page 3, that "Chon-Kim had already begun her scheme and she shared her method with Ryu. Ryu told her to begin giving money to him and that she can be compensated later on"; you see that?

A. Yes.

Q. It doesn't say anything about Ryu finding out that she had been involved in the scheme, discovering her, catching her, if you will, does it?

MR. YI: Objection to form.

I think the document speaks for itself, but you can answer if you can.

A. No, it doesn't say that here.

Q. Was it -- did Karen tell you that James Ryu had caught her?

A. Yes, I believe so.

Q. Did she tell you how he caught her?

A. She didn't go into details. She



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2 just told me that he knew and was holding that  
3 against her and -- which is why she couldn't  
4 say anything and had to follow his  
5 instructions.

6 Q. Now, Alicia Lee interviewed Karen  
7 separately from you, right?

8 A. Yes, Alicia interviewed Karen  
9 before me.

10 Q. And Alicia Lee wasn't present  
11 during your interview of Kim?

12 A. That's right.

13 Q. Did you share with Alicia the  
14 details of what your interview was with Karen?

15 A. I don't recall whether I shared  
16 specific details with Alicia.

17 Q. Well, in the same paragraph, it  
18 goes onto say -- first of all, Karen clearly  
19 told you that she was afraid of James Ryu and  
20 that he was going to turn her in if she didn't  
21 give him money?

22 A. Right.

23 MR. YI: Objection to form.

24 Q. But that's not what Alicia says in  
25 this memo, is it?

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2 MR. YI: Objection to form; asked  
3 and answered.

4 A. Well, again, this is not a memo by  
5 her. It's a memo by FBI, interpreting, I  
6 guess, summarizing the discussions with her.

7 Q. Understood. But in any event,  
8 there's no record here that she said that  
9 Alicia Lee said that to the FBI, correct?

10 MR. YI: Objection; asked and  
11 answered.

12 A. Yes, there's no indication here as  
13 far as I can see.

14 Q. Did you talk to Alicia Lee about  
15 her interview of Karen in detail?

16 A. I don't recall how much detail. I  
17 remember seeing her memo and I don't recall  
18 specific discussions with Alicia about details  
19 after that point.

20 Q. Did you make any efforts to compare  
21 what Karen had told Alicia, Bo-Young, Karen or  
22 anyone else with what she told you to see if  
23 there was consistency or inconsistency?

24 MR. YI: Objection to form.

25 A. Did I make any efforts?

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2 Q. Yes.

3 A. So I do remember that there were  
4 some inconsistencies initially on Karen's  
5 accounts and I believed that it had to do with  
6 her attempt to try to get -- raise money  
7 quickly, so that she can get the bank to not  
8 pursue criminal charges, because I was told  
9 that she was extremely afraid of having to go  
10 to jail. She had a three-month old baby at  
11 the time and a young child also and that, you  
12 know -- so I believe that she was very  
13 confused and that's why she was -- had some  
14 inconsistencies because initially she believed  
15 that James might be able to help her  
16 financially.

17 Q. So what were the inconsistencies  
18 you were aware of at the time? Not looking  
19 now, but at the time, what inconsistencies in  
20 Karen's story were you aware of?

21 A. At the time that I interviewed her?

22 Q. Yes. And/or at the time you made  
23 the decision to accept her word over James'  
24 word and file the lawsuit?

25 A. Yes, I do remember hearing about

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2 some inconsistencies. I don't recall the  
3 specifics, but I do recall that she was trying  
4 desperately to raise money and ask the bank if  
5 \$500,000 would be sufficient for the bank to  
6 reconsider pressing criminal charges. She  
7 just simply thought that if she could come up  
8 with that money, that the bank would not have  
9 to go no further and she wouldn't have to go  
10 to jail.

11 Q. Did she say that to you?

12 A. I don't recall if we had that  
13 discussion. By the time I spoke with her  
14 directly, I think by then she was telling me  
15 that James was -- she was telling me about the  
16 two meetings she had with James and that that  
17 was his condition, but by telling us, she --  
18 you know, she wanted us, wanted the bank to  
19 know that these were his conditions.

20 Q. Did she tell somebody at the bank  
21 that if she came up with \$500,000 or did she  
22 ask whether she came up with a \$500,000, gave  
23 it to the bank, the matter would go away?

24 MR. YI: Objection to form.

25 A. My recollection is she spoke to

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2 somebody at the bank.

3 Q. Do you know who that was?

4 A. I don't recall.

5 Q. Do you remember what she was told  
6 in response to her inquiry about paying  
7 \$500,000 to make the matter go away?

8 A. I think I told somebody at the bank  
9 that just her giving us \$500,000 may not be  
10 sufficient for the bank to make the matter go  
11 away basically.

12 Q. Do you remember who you said that  
13 to?

14 A. No, I don't recall.

15 Q. But your pretty clear memory that  
16 communication was had, you just can't remember  
17 with whom?

18 A. Well, so I'm trying to think. I do  
19 remember in that conversation also saying that  
20 yes, the bank definitely wants to recover some  
21 money because I was concerned about being  
22 unable to recover any money, so I don't think  
23 it was a clear cut no, but more like, you  
24 know, we'll see how much can she raise, we  
25 want to know. I think that was the

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2 discussion.

3 Q. She was offering approximately  
4 \$500,000?

5 A. She thought she could raise  
6 \$500,000, that's my recollection. She thought  
7 she could and I think she thought she could  
8 with the help of James Ryu.

9 Q. And you don't remember how you got  
10 that information; you just know that you  
11 thought that?

12 MR. YI: Objection to form.

13 A. I think it may have come either  
14 through Alicia or Irene.

15 Q. I'd asked you before about  
16 inconsistencies about what Karen had told you,  
17 told the bank, either you or Alicia or anyone  
18 else at the bank and you said there were some  
19 inconsistencies; did I understand correctly  
20 you can't recall what the inconsistencies  
21 were?

22 A. It's kind of blurry in my mind,  
23 because I'm trying to isolate at that time,  
24 you know, what did I know and then things are  
25 kind of blurring, so I know there's some

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2 inconsistencies overtime, not knowing exactly  
3 when it was, about the amount and about  
4 whether James was involved, because I think  
5 she was very confused at the time.

6 Q. So you don't recall what the  
7 inconsistencies were, am I correct?

8 A. Yes, it's not very clear in my mind  
9 as to exactly that time.

10 Q. You think that Karen was confused,  
11 whatever they were, you attribute it to her  
12 being confused because she had a baby and was  
13 afraid of going to prison?

14 A. That's what I remember thinking.

15 Q. Do you remember making any effort  
16 to say let's get the stories she told and line  
17 them up, let's see if there's any  
18 consistencies in the consistencies?

19 A. So I remember -- sorry, can you  
20 repeat that question?

21 Q. Yes. Sure.

22 In connection with your decision to  
23 accept Karen's word over James' word, that you  
24 wanted to see what specifically she had told  
25 you versus what she told Alicia versus what

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2 she told anybody else at the bank,  
3 specifically to lineup the accounts and see if  
4 they're consistent or inconsistent?

5 MR. YI: Objection to form.

6 A. So at the time, what I was thinking  
7 is there are obviously a lot of things I'd  
8 like to know and lineup, but the criminal FBI  
9 was already involved and they were  
10 investigating, so I think we, in my mind, I  
11 was deferring some of the investigation to the  
12 FBI. They didn't always share everything with  
13 me, but I knew that they were meeting with  
14 Karen. They were meeting with Alicia. They  
15 were meeting with Orest. So at that point, I  
16 didn't necessarily think that me requesting  
17 separate meetings would necessarily help at  
18 that point, that they were conducting probably  
19 a more thorough investigation, but I don't  
20 know, that's what I was thinking.

21 Q. Did you have communications with  
22 the FBI about their investigation other than  
23 perhaps to facilitate the interview of  
24 witnesses?

25 A. Right. It was mostly or all of it

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 was to facilitate. They don't necessarily --  
 I think it's their policy not to share content  
 of what they discover.

Q. So in other words, they didn't tell  
 you anything about the substance of what they  
 were finding out or did they?

A. Right, it was mostly just in the  
 context of lining up.

Q. And did you say to yourself I  
 should get the various accounts and line them  
 up for consistency or do you not recall  
 thinking about that at all, specifically  
 taking that step before you filed the lawsuit  
 of examining Karen's various statements for  
 consistency?

A. Right. So I did, the bank was  
 taking steps already to lineup the  
 transactions because that was an area that FBI  
 wasn't able to -- FBI special agents weren't  
 able to get to right away and understood  
 that's something the bank would have to do.  
 So yes, Alicia and Orest were charged with  
 lining up the transactions and documenting the  
 movement of the money and trying to understand

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 each step that she took to carry out her  
 scheme, carry out the embezzlement, I should  
 say. So that part, we were very actively  
 involved, but interviewing potential  
 witnesses, that was something I understood FBI  
 agents were doing and if I tried to do on my  
 own, that I might just interfere with what  
 they were doing, so.

Q. Maybe I wasn't clear. I'm  
 interested in the statements that Karen gave  
 to you, Alicia Lee, to other bank employees;  
 did you make any effort to take exactly what  
 -- go to those people and say what did she say  
 to you, what did she say to you, what did she  
 say to you, line them up to see whether they  
 were consistent or inconsistent or do you have  
 no recollection one way or the other on that?

A. Well, part of what was -- Orest  
 wrote up included some of the information  
 relating to what various people found out, so  
 I used some of this information to lineup what  
 information was being gathered.

Q. So you did make an effort to lineup  
 the various statements to see whether they

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 were consistent or inconsistent; do I  
 understand you correctly?

MR. YI: Objection to form.

A. To an extent, I could at the time  
 with the resources I had, and again what made  
 sense at the time, yes.

Q. So to whom did Karen make  
 statements other than you?

A. So initially I think she made  
 statements to Bo-Young Lee and Irene Lee and  
 then to Alicia and then to the FBI and then to  
 me, I think that was....

Q. Do you remember what Bo-Young Lee  
 told you about her, the statements that Karen  
 had made to her?

A. Yes, I think when I went to visit  
 BankAsiana, former BankAsiana and met with  
 Bo-Young, I think we did go over what she  
 heard from Karen and also what she knows about  
 James and she answered any questions I had  
 about both of them.

Q. Did you make notes of that  
 conversation?

A. I don't recall. Some of the

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 meetings I took notes. Some of them were just  
 verbal.

Q. Did you interview Irene?

A. Yes, I met with her.

Q. Do you remember what she told you?

A. She recounted similar to Bo-Young,  
 Irene also recounted her meeting and  
 conversations with Karen and then she answered  
 some of my questions about what she knew about  
 Karen and James Ryu, then I don't remember if  
 it was at that meeting or subsequent meeting  
 or discussion with Irene, but she also relayed  
 to me that James Ryu was calling her a lot and  
 leaving messages and that she was getting  
 nervous and afraid that to the point where she  
 was afraid to go to the parking lot by herself  
 at the end of a long day in case he might show  
 up and confront her.

Q. Sure. Did she tell you that she  
 thought Ms. Karen was lying, specifically  
 lying about James' involvement?

A. No, I mean other than, yes, I think  
 they both acknowledged that there was some  
 inconsistencies, but I think she -- my

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recollection is she believed Karen more than James.

Q. Did you ask her whether she believed Karen or James?

A. Yes, I asked her in various ways, but obviously, you know, they were careful not to make statements of facts that they were not really sure about, because they didn't witness anything, so they were careful.

Q. But she told you she believed Karen over James?

A. My big recollection, she may not have said it quite that way, but that she -- both -- everyone I spoke to was surprised that Karen would implicate James because everyone at the bank was intimidated and scared of James who had a temper and who was often very harsh to employees and had a lot of authority at the bank, so that it was surprising to them if she would falsely implicate anybody, that it would be James, but they were again very careful about not saying things they didn't have direct knowledge.

Q. So look at -- please take a look, a

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second look at the exhibit marked as Ryu-22. It's a three-page document.

A. Yes.

Q. Appears to be an FBI interview of Jin Hee, Irene Lee?

A. Yes.

Q. The date says 3/18/2014?

A. Yes.

Q. You read this during the break, didn't you?

A. I did, but different interviews are kind of -- yeah, I did.

Q. I just want to ask a few questions about it but apropos of the subject we were just discussing, if you turn to page 3 of this memo, first full paragraph, it says "Lee stated that it is her belief that Ryu was unaware of Chon's embezzlement scheme. Lee said she believed Chon's story during their first meeting, however, after hearing all the inconsistencies in Chon's story during the second meeting, Lee no longer thinks Chon is telling the truth"; you see that?

A. Yes, I see that.

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Q. Did she say anything like that to you?

A. Like I said, both Irene and Alicia did tell me about some inconsistencies that raised out in their mind.

Q. So is it possible she told you that?

A. It's possible she told me that, yes.

Q. Let me ask you a few questions about this.

A. And what else she said, I remember is that she really didn't want to be involved. She really didn't want to -- like I said, she was very careful about what she said and she said she didn't want to be involved. She didn't want -- the impression I got is she didn't want to upset James in any way because even though he kept calling, especially because he kept calling her and it was literally scaring her. So she just said she didn't want to be put in that position.

Q. Position of what?

A. Of being in the middle of James and

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the bank and Karen.

Q. Right.

But nonetheless she was in that position, right, because of her position in the bank?

A. Yes, but she knew what James is saying and what Karen is saying are two different things and you know, she just didn't want to be asked what she thought.

Q. Did she say that?

A. No, that was the impression I got.

Q. So if you look at this memo, it says on the bottom of the first page, doesn't talk about first meeting, it says this is -- if you read the paragraph that begins on the bottom of the first page and carries over to the second page.

A. Okay.

Q. Now, on the second page, the first full paragraph, the single sentence, do you know who Tai Kyo Soh is; do you know who that is?

A. No, I don't.

Q. Well, she's clearly talking in

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here, maybe not taken down correctly in the FBI memo, but clearly talking about a subsequent call or subsequent meeting by somebody with -- of BankAsiana with Chon in person, whether that was Alicia Lee, how do you -- how do you say Alicia Lee's name in Korean?

A. I don't know her name in Korean. She doesn't go by her Korean name.

Q. So we don't know who that is. It may not be Alicia Lee. All right.

But in the paragraph carried over from the first page to the second page, it says that the next day, Lee called Chon to ask about the transactions, Chon told Lee she wanted to tell the truth and admitted she had stole money from BankAsiana and then taking cash out of the vault, Chon told Lee she learned how to embezzle from her formal supervisor?

A. I'm lost, okay.

Q. "This supervisor showed Chon how to make the accounting changes needed to take cash out of the bank's vault undetected"; do

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you see that?

A. Yes.

Q. Now, that's somewhat inconsistent with what Karen told you, which is that she had been doing this for a while and James Ryu caught her?

A. Oh, I think the way to explain that is what she had been doing before is just taking money out of her husband's partner's account, so it involved just a single account, which is easy to do. She was temporarily borrowing it to help her husband's business, but I think she's talking about taking money out of customers' accounts, multiple customer accounts requires more thought, more procedure. I don't know how to describe it. I think that's the difference.

Q. Are you just assuming that or do you remember that from something that someone told you such as Irene Lee?

A. So I do recall when I spoke with Karen, she was describing how she kind of came up with the way to do that without -- to not be detected and to take money out of multiple

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accounts, because I was asking her about does she -- how does she keep track, things like that, so she had to kind of talk a little bit about how it was set up, so I think that's what she's referring to.

Q. So she was initially -- she told you she was initially stealing from one account, she was stealing from two accounts, right, initially?

A. Yes, her -- mostly I think -- my recollection is mostly she was taking money out of her husband's partner's account. I actually don't recall specifically what she was doing with her sister-in-law's account, maybe borrowing her identity.

Q. And then James caught her at that, stealing from whoever one or two people she was related to, and it was at that point he caught her and taught her how to steel from more accounts, widely taught her how to steel from more accounts; is that what she told you?

MR. YI: Objection to form.

A. No, I don't think she said it quite that way that he taught her. Think my

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recollection of how she described it is he kind of gave her suggestions on how she can figure it out, you know. I think she referenced some BSA training, that kind of -- something like he kind of gave her suggestions about how she could figure it out herself.

Q. What were those suggestions?

A. I think kind of statements like you'll figure it out, you know, BSA and you know, operations, that kind of suggestions. So I don't think he -- that was the impression I got from that conversation is he didn't literally tell her do this and then this and this and that, but kind of encouraged her to figure out how to get the money out because he needed money and you better do it and I'm sure you can come up with ideas from, you know, BSA to avoid kind of detection through BSA. I'm sure you'll come up with something. You better come up with something. That was the impression I got and the rest of it was up to her to figure out.

Q. Well, this memo which is purporting to state what Irene Lee told the FBI is that



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Chon told Lee that she learned how to embezzle from the former supervisor, this supervisor showed Chon how to make the accounting changes needed to take the cash out of the vault undetected; you see that?

A. Yes, I see that.

Q. Did Karen say anything like that to you?

A. So it's consistent with the fact that she -- James basically told her that she needed to figure it out and that she was concerned about detection.

Q. Did she say anything like that to you, that the supervisor showed her how to make the accounting changes needed to take the cash out of the bank's vault undetected?

A. No. The way she said it to me was like he made some broad suggestions on how she could figure it out and that the rest was -- the rest of it was up to her to figure out the details. So it's more or less consistent, but I wouldn't say she learned how to embezzle from the former supervisor other than the fact that I think James did conduct BSA training at

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the bank, maybe that's what she meant. She said BSA training materials gave her some ideas.

Q. Karen said BSA training materials gave her ideas?

A. I think she referenced some kind of training.

Q. Did she say BSA training materials gave her ideas or did she just make reference to BSA training materials?

A. Exact words, I don't have a clear recollection, but she may have said she got ideas from BSA materials.

Q. She may have said or did say; do you remember?

A. I do remember BSA training, that's kind of etched in my brain from my conversation with her. Exactly how she said it, I don't recall.

Q. Now, this memo says that "Irene said that the supervisor told Chon to embezzle the money and then give it all to him. At first, the supervisor said he would only take \$10,000 out for a short time and then pay it

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all back"; do you see that?

A. Um-hum.

Q. You have to say yes or no.

A. Yes, I see that.

Q. She's clearly suggesting from the outside, all the money went to James, right?

A. So I don't know.

MR. YI: Objection to form.

Q. Well, if you wanted to see that, you can see it, it becomes clear at the end of the second sentence of the third paragraph, full paragraph beginning on page 2. I'll read it, that whole paragraph. It says "A few days after speaking to Chon, Lee noticed that some of the money that Chon stole was transferred into her business account at BankAsiana. This contradicted Chon's statement that all of the money went to her unnamed supervisor"; you see that?

A. Which paragraph are you reading?

Q. Second page.

A. "A few days after," okay.

Q. Read that paragraph.

A. "A few days after speaking to Chon,

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Lee noticed that some of the money that Chon stole was transferred into her business account at BankAsiana," okay.

Q. So if I understand from this memo, that Irene said that Karen initially told her that James was present at the outset of the scheme, not at some later point and all the money went to him?

MR. YI: Objection to form.

A. See, I don't under -- I don't know what Irene is referring to here because a few days after speaking to Chon, that's not -- this is after the fact. These are not talking about -- she's not talking about money being embezzled out of customer accounts. She's not talking about -- she's not referring to the embezzlement. I think she's referring to after she talked to Karen, Karen who still had some accounts at BankAsiana, transferred some money out of, was transferred into -- some money was transferred into BankAsiana account, so I think she's just talking about some transfer of money in Karen's account.

Q. Sure.

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A. This is all after the embezzlement. She's not describing the embezzlement.

Q. No. She's says in the next sentence, "this contradicted Chon's statement that all of the money went to her unnamed supervisor"; that would suggest that -- I think it was no other reasonable way to read that except that Chon had told her previously that all of the money went to her unnamed supervisor and if you go back to the sentences that I referred you to, at the bottom of the first -- second page, that clearly confirms that. Please take a moment to read that.

A. I just --

MR. YI: I just want to make this record, this appears to be a summary prepared by a representative of the FBI based on the interview. If you can answer, you can.

A. But this exhibit is a summary of the interview of Irene.

Q. Yes, this is a summary of an interview with Irene Lee.

A. And the date, a few days after

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speaking to Chon.

MR. YI: Sorry, for the record though, it says Alicia Lee.

MR. HARVEY: Yes, the second and third pages do say that and also have the date of February the 4th, 2014.

The top page, the first page says 3/18/2014, so presumably they used the same form and forgot to change the date on the second and third pages.

A. That's kind of confusing.

Q. Whatever it is, it appears from the FBI memo that Karen told Irene from the beginning all of the money went to James?

MR. YI: Objection to form.

A. I think --

Q. You don't agree with that?

A. No, I think this paragraph is summary by FBI agent who probably misunderstood what Irene is trying to say, because the timing of the transfer of money in Karen's account is really not related to the embezzlement, but a movement of funds in her account after Irene spoke with Karen.

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Q. Let's cut this short. You were not aware or were you aware that Irene told the FBI that Karen told her initially that all of the money from the beginning went to James, you either were aware of that or you were not aware of that?

A. So --

MR. YI: Objection to form.

A. So I wasn't aware that Irene had that -- said that to the FBI or if I was, I don't recall, but this is consistent with what Karen told me is initially James asked to loan money that she can kind of get out of bank accounts somehow and that he was going to pay it back. And so initially that's what she did was take it out and give it to him expecting him to pay it back, but pretty soon it became clear that he wasn't going to give any of it back and he kept asking for more and more and more and larger and larger amounts. So then that's when she realized that he is never going to pay it back and I think that's what she means about originally she only took out the money that he asked for, but eventually

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when she realized that he's not going to pay it back, then she started taking money out also to help her husband's business. I think that's what she means by initially all of it went to James.

Q. Which page, which words are you focused on here in the memo?

A. Second page, top, where it said the supervisor said he would only take 10,000 out for a short time, pay it all back.

MR. YI: Can we go off the record.

(Whereupon, at this time, a short break was taken.)

BY MR. HARVEY:

Q. So to be clear, I'm asking you, I'm putting the statements in front of you. These aren't your statements. They're somebody else's statements. I'm asking about some of the stuff in here. If it's clear what was said, I can ask. If it's unclear, I don't think either of us is in a position to speculate about what was actually said. Maybe they took it down wrong.

I'm asking you about statements in

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here to see if those statements were the same as what was said to you. I'm asking about what you know. I'm ultimately not asking to interpret this memo other than to tell me how it relates to what you remember was told to you.

But the bottom line is you don't remember, do you, Irene Lee saying to you or communicating in any way that at first Karen told me all of the money was going to go to James in the beginning and then noticed not all the money was going to James, some of it was going to her; do you remember Karen telling you that -- excuse me, do you remember Irene telling you that?

A. No, I don't remember Irene telling me that.

Q. If you look further down, in the further full paragraph on page 2.

A. Yes.

Q. It said -- it says "Specifically, in the first meeting, Chon said that her supervisor taught her how to embezzle. In this second meeting, Chon said that she and

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Ryu came up with the embezzlement scheme together"; you see that?

A. Yes.

Q. Do you remember Irene Lee telling you either of those things?

A. I don't have that. I don't have a recollection of her telling me this.

Q. Did Irene Lee tell you that Chon had said anything about a possible romantic link between herself and Ryu?

A. I do recall hearing about a possible relationship. I think everyone -- because Karen -- whatever Karen told them was very vague, so I think Irene and/or Alicia or Bo-Young suspected it was romantic relationship, that's what I remember hearing.

Q. Did Karen Chon say anything about a romantic relationship between her and James Ryu to you?

A. I don't think so. She basically said he has, you know, something on her, but I didn't understand that to be a romantic relationship.

Q. Do you remember Irene Lee saying to

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you anything about a romantic relationship between Karen Chon and James?

A. Yes. So as I just said before, that's what they were suspecting, that it was a romantic relationship, but I remember Irene and/or Alicia telling me that because the words that Karen had used were vague, they weren't 100 percent clear that it was a romantic relationship, but that they suspected it was a romantic relationship.

Q. If this is to be believed in the plain language used here, Irene told the FBI that in one interview, Chon said there was a romantic relationship, a romantic link and the other, she said there wasn't a romantic link; did Irene say anything about Chon saying there was or was not a romantic link?

MR. YI: Objection to form.

A. Yeah, so my recollection is that she thought there was a romantic relationship, but that Karen had used words that were vague, so she wasn't sure, so she assumed they were romantically involved.

Q. So Irene told you just that she had

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made vague references that might have been interpreted to suggest that?

A. Right.

Q. She didn't say on one occasion she said there was or one occasion there wasn't; she didn't say that to you?

MR. YI: Objection to the form.

A. No, not like that.

Q. Did you know that Karen Chon was sentenced by the federal court in New Jersey?

A. Yes, I remember.

Q. Did you get a report on what Karen Chon and the FBI said at the sentencing hearing?

A. I think I did, but I can't specifically. I do remember reading various accounts, whether it was newspaper reports or I think there was some kind of notification to victims about criminal proceeding progress.

MR. YI: Would this be a good time to take a break now.

(Whereupon, at this time, a short break was taken.)

(Ryu Exhibit 23, transcript of

<p style="text-align: right;">Page 230</p> <p>1 LISA PAI (7/13/17)  2 proceedings was marked for  3 identification, as of this date.)  4 (Time noted: 4:54 p.m.)  5  6  7  8  9  10  11  12  13  14  15  16  17  18  19  20  21  22  23  24  25</p>	<p style="text-align: right;">Page 231</p> <p>1 LISA PAI (7/13/17)  2  3 J U R A T  4  5  6 I, LISA PAI, do hereby certify  7 under penalty of perjury that I have  8 read the foregoing transcript of my  9 deposition taken on July 13, 2017;  10 that I have made such corrections as  11 appear noted herein in ink, initialed  12 by me; that my testimony as contained  13 herein, as corrected, is true and  14 correct.  15  16  17 _____  18 LISA PAI  19  20 Subscribed and sworn to before me  21  22 This _____ day of _____, 2017.  23  24 _____  25 NOTARY PUBLIC</p>
<p style="text-align: right;">Page 232</p> <p>1 LISA PAI (7/13/17)  2 -----I N D E X-----  3 WITNESS EXAMINATION BY PAGE  4 LISA PAI MR. HARVEY 6  5  6  7  8 -----E X H I B I T S-----  9 RYU EXHIBIT FOR I.D.  10 Ryu Exhibit 12, 5  11 Introduction, 2014R00082/6,  12 Volume 1, Bates labeled WB795  13 through '808  14  15 Ryu Exhibit 13, 5  16 Document Bates labeled WB810  17 through '817  18  19 Ryu Exhibit 14, 5  20 Handwritten notes Bates labeled  21 WB2054 through '2059  22  23 Ryu Exhibit 15, 5  24 Notice of Deposition  25</p>	<p style="text-align: right;">Page 233</p> <p>1 LISA PAI (7/13/17)  2 Ryu Exhibit 16, 29  3 E-mail chain dated  4 January 22, 2014  5  6 Ryu Exhibit 17, 70  7 Website printout dated January  8 30, 2014  9  10 Ryu Exhibit 18, 100  11 Complaint  12  13 Ryu Exhibit 19, 122  14 Plaintiff Wilshire Bank's  15 Responses and Objections to  16 Defendant Suk Joon Ryu's Fourth  17 Set of Interrogatories  18  19 Ryu Exhibit 20, 179  20 Memo dated February 10, 2014,  21 Bates labeled Exhibit 1 D000005  22 through '9  23  24  25</p>

1 LISA PAI (7/13/17)  
 2 Ryu Exhibit 21, 189  
 3 Memo dated February 24, 2014,  
 4 Bates labeled Exhibit 1 D000001  
 5 through '4  
 6  
 7 Ryu Exhibit 22, 190  
 8 Memo dated March 18, 2014, Bates  
 9 labeled D000010 through '12  
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 11 Ryu Exhibit 23, 229  
 12 Transcript of proceedings  
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1 LISA PAI (7/13/17)  
 2 C E R T I F I C A T E  
 3  
 4 STATE OF NEW JERSEY )  
 : SS.:  
 5 COUNTY OF MONMOUTH )  
 6  
 7 I, AYLETTE GONZALEZ, a Notary Public  
 8 for and within the State of New Jersey, do  
 9 hereby certify:  
 10 That the witness, LISA PAI, whose  
 11 examination is hereinbefore set forth was  
 12 duly sworn and that such examination is a  
 13 true record of the testimony given by that  
 14 witness.  
 15 I further certify that I am not  
 16 related to any of the parties to this action  
 17 by blood or by marriage and that I am in no  
 18 way interested in the outcome of this matter.  
 19 IN WITNESS WHEREOF, I have hereunto  
 20 set my hand this 25th day of July, 2017.  
 21  
 22

AYLETTE GONZALEZ

1 LISA PAI (7/13/17)  
 2 ERRATA SHEET FOR THE TRANSCRIPT OF:  
 3 Case Name: BANK OF HOPE vs. MIYE CHON  
 4 Dep. Date: July 13, 2017  
 5 Deponent: LISA PAI  
 6 Pg. Ln. Now Reads Should Read Reason  
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 21 LISA PAI  
 22 SUBSCRIBED AND SWORN BEFORE ME,  
 23 This\_\_ day of\_\_\_\_\_, 2017.  
 24 \_\_\_\_\_  
 25 Notary Public  
 My Commission Expires:\_\_\_\_\_